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Green Paper on Pay Equity

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GREEN PAPER

ON

PAY EQUITY

Ontario

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The Green Paper on Pay Equity is an integral part of this Government's commitment to provide equal opportunity to all Ontarians. This initiative is one more step in promoting the equality of women in the workplace.

In 1972, Canada ratified an International Labour Organization commitment to equal pay for work of equal value. Since that time, pay equity or comparable worth legislation has been introduced by other jurisdictions in Canada and the United States, in Europe, Australia and New Zealand. The pay equity experience of these jurisdictions will be taken into account in developing implementation strategies which meet Ontario's own unique requirements.

Before any decisions are taken upon the methods and timing of a pay equity policy, this Government will elicit the views of business, unions, employers, women, and other sectors of the community. To this end, the release of the Green Paper will be followed by a period of public consultation.

In drafting and implementing legislation, the Government will give careful consideration to the viability of Ontario's economy, and our competitive position in international markets. However, the need to address pay inequities is not at issue. Ontario must achieve the goal of pay equity for women, and must move towards building a society in which men and women are treated equally in the workplace.

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GREEN PAPER ON PAY EQUITY

TABLE OF CONTENTS

Page

Chapter Highlights i

I Introduction 1

II The Context of Pay Equity 7

- Growing Importance of Women in the Labour Force
- Occupational Segregation of Women
- Factors Contributing to the Wage Gap
- Historical Perspective

III Pay Equity Issues 16

- Establishment
- Gender Predominance
- Determination of Value
- Definition of Pay
- Allowable Exceptions
- Pay Adjustment

IV Models for Implementation of Pay Equity 29

- Major Models for Implementation of Pay Equity
- Two Interim Stages
- Application Options for the Models

V Collective Bargaining 39

- Method for Comparison
- Effects of Pay Equity on the Bargaining Process
- Administrative and Enforcement Processes

VI Costs and Economic Impact 44

- Costs
- Benefits
- Balancing the Effects

VII Conclusion 50

Appendices
Glossary
Bibliography

CHAPTER HIGHLIGHTS

Chapter I
Introduction

The achievement of equal opportunity and social justice for all Ontarians is a fundamental and unalterable commitment of the Ontario Government. For women, this must include employment equity in all its aspects. Therefore, implementation of pay equity, or equal pay for work of equal value, is not at issue; only the method and timing of its achievement are open for discussion and ultimate decision.

Two pay equity projects have been undertaken: implementation procedures for the Ontario Public Service under the direction of the Minister of Labour, and this Green Paper on the ramifications for the broader public sector and the private sector, under the direction of the Minister Responsible for Women's Issues. The Green Paper will serve as a focus for public discussion leading to the development of subsequent legislation.

The Government has selected six fundamental premises upon which the policy is based: only gender discrimination will be addressed; only female employees and employees in female-predominated occupations will be able to receive pay adjustments; pay equity will not require jobs to have identical value but a range of values will apply; comparisons will be limited to an employer's establishment; legislation will not be retroactive and wage reductions will not be permitted.

Chapter II
The Context of Pay Equity

Some 40% of the 2.1 million women in the Ontario labour force are single, widowed or divorced, the sole support of themselves and their families.

In spite of the fact that women's attachment to the labour force is increasing in duration, Ontario has a segregated labour force, with approximately 60% of female workers clustered in 20 out of 500 occupations. Many of these jobs have become known as "women's work", a label which is discriminatory and is accompanied by low wage-setting.

Estimates of how much of the male/female wage gap of 38% could be closed by a pay equity policy vary, but most experts agree that it could exceed one-quarter of the overall gap. Because the entire wage gap will not be closed by pay equity, other policies are required, including employment equity, training and access to affordable child care.

The government's pay equity initiative rests on the premise that existing discrimination must be eliminated, and recognizes the need to compare dissimilar but comparably valued jobs.

Ontario is fortunate to be able to benefit from the experience of other jurisdictions which already have pay equity or comparable worth legislation. At the same time, an approach uniquely tailored to Ontario's needs and characteristics can be developed.

Chapter III
Pay Equity Issues

Clear and appropriate definition of an employer's establishment and gender predominance are vitally important to the implementation of a pay equity policy.

A single establishment-wide job evaluation system would not be required, and it is suggested that current job evaluation methodologies would, in most cases, be suitable, providing these are free of gender-bias.

Some middle ground needs to be found in defining equal pay, between a narrow definition of pay which includes only salaries or wages and a total quantification of benefits.

Provision could be made for exceptions from a pay equity policy based, for example, on seniority, performance ratings or labour market shortages.

With respect to pay adjustments, a number of options are proposed, each of which has implications for cost, subsequent wage adjustments and administrative procedures.

Chapter IV
Models for Implementation of Pay Equity

Three implementation models are proposed: a complaint-based model, an employer-initiated model, and an integrated model.

In addition, two interim stages are presented as possibilities before full implementation of a major model becomes effective. These are voluntary compliance in return for a period of grace, and contract compliance with government funding used as a lever.

The major models are discussed in terms of coverage, phase-in, back-pay, administrative agency and the actual mechanics of administration.

Chapter V
Collective Bargaining

Collective bargaining plays a major role in the determination of compensation in Ontario, and its interaction with a pay equity policy is considered in terms of scope of comparisons, mechanisms for implementation, enforcement procedures and potential constraints.

While it might be less complex to limit the scope of comparisons within each bargaining unit and to consider management and other exclusions separately, the possibilities for comparisons could be much more limited. Two mechanisms for implementation could be possible: as part of regular collective bargaining or through some separate process. Depending on the implementation model, pay equity could impact subsequent bargaining to some extent.

Chapter VI
Costs and Economic Impact.

It is vitally important to reconcile the long-standing injustice of pay inequities and the economic viability of Ontario's businesses and public sector.

Costs of compliance with pay equity include administration and wage adjustments, and vary with the particular model of implementation chosen and the time-frame involved.

Experience in the Canadian federal jurisdiction indicates a typical pay equity adjustment of between $2,000 and $3,000 per person. The Manitoba public service legislation limits payroll increase costs to 1% per year, with a cap of 4% maximum.

Employers could have the ability to spread costs over a period of years in a manner which complements economic conditions. However, imposed settlements could cost more, if there were back-pay awards.

Benefits could be economic as well as social, with increased productivity, lower recruitment and training costs, increased consumer spending, and more self-sufficient senior citizens, due to enhanced pensions determined on the basis of earnings improved as a result of pay equity compliance.

Ultimate implementation should be flexible enough to permit necessary adjustments while sufficiently compelling to avoid procrastination in the elimination of pay inequities.

Chapter VII
Conclusions

The Green Paper has outlined six fundamental premises, various models and interim measures for pay equity implementation, has raised issues which need to be resolved, and discussed the impact of pay equity upon Ontario's economy and the collective bargaining process.

Vitally important questions will be addressed through wide public consultation, although the ultimate implementation of pay equity is not at issue.

Concerns that pay equity is an untried and untested concept are unfounded. Ontario is in the fortunate position of being able to benefit from the experience of other jurisdictions, in Canada and elsewhere, although our own unique economic and social justice needs will be paramount.

Job comparisons will be confined to an employer's establishment, utilizing in most instances an employer's own methods of evaluation, thus obviating the concern that an industry-wide or province-wide wage-setting system is under discussion.

Pay equity is not intended to disregard the significance of market forces in the wage-setting process. Nor should it do so. Costs of pay equity can be accommodated and the economic as well as social benefits are considerable.

Through this Green Paper, the Government of Ontario offers an opportunity to develop a better understanding of the concept and to share in shaping its implementation, building upon the positive consequences, and reducing or eliminating the negative.

Public consultation on a pay equity policy will consider many of the issues raised in this Green Paper, and undoubtedly more questions will arise prior to implementation.

While public discussion and careful examination of the concept is essential, it cannot be overlooked that the need to redress the historical injustice of pay inequity is not at issue.

I. INTRODUCTION

The Ontario Government has a fundamental and unalterable commitment to the achievement of equality of opportunity for all the people of this province.

For the women of Ontario, the route to equal opportunity and social justice includes economic equality. In turn, the road to economic equality is true equal opportunity in all aspects of employment: among them, education and training, recruitment, promotion and compensation.

The Government of Ontario has taken a number of initiatives to end the unequal economic status of women. These measures, in areas such as affirmative action, child care, and training, fall under the umbrella of what is called employment equity.

Employment equity is a term first developed by Judge Rosalie Abella, in Equality in Employment: A Royal Commission Report for the Government of Canada in 1984. The term covers a breadth of social and employment policies and practices designed to eliminate discriminatory barriers and to provide, in a meaningful way, equitable opportunities in employment.

This Green Paper examines in detail one component of employment equity which has come to be known as equal pay for work of equal value--a measure which is specifically aimed at rectifying the historical undervaluation of women's work. Equal pay for work of equal value has, as its basis, the principle that when non gender-related factors which influence pay are taken into account, work performed by women which is equivalent in value to that performed by men in the same establishment should be paid the same.

Equal pay for work of equal value could more succinctly be referred to as "pay equity", and this term is used throughout this Green Paper.

The concept of pay equity is not new. Canada ratified the International Labour Organization's convention supporting pay equity in 1972. Since the mid-1970's, the Canadian federal government and the province of Quebec have had pay equity legislation for their public and private sectors. Manitoba passed

legislation for much of its public sector in 1985. Members of the European Economic Community are required to implement pay equity policies and many U.S. jurisdictions are engaged in pay equity projects. Jurisdictions with pay equity legislation have shown that it is possible to make the comparisons between dissimilar jobs which are contemplated e.g., comparisons between home economists and foresters and cafeteria and warehouse workers.

The Government of Ontario has stated its intention to implement pay equity in both the public and private sectors of the economy and has accorded this initiative a very high priority. Pay equity is a fundamental goal of the Government. The achievement of this goal for women is not at issue. Only the methods by which it will be achieved are open for debate and discussion and, finally, decision. The overall objective of pay equity is a given.

Two processes have been set in motion for designing and implementing pay equity: a pay equity project under the direction of the Minister of Labour, for implementation in the Ontario Public Service; and the preparation of this Green Paper which discusses implementation options in the broader public and private sectors.[1]

This dual approach recognizes the complexities of pay equity. It also recognizes that there are differences among employers which should be considered in implementing pay equity in the Ontario Public Service, the private sector and the broader public sector. For example, the Ontario Public Service does not have to compete with other firms providing similar products or services, it has a very large labour force with formalized personnel and salary practices, is publicly funded, and has a higher percentage of unionization than the Ontario labour force as a whole.

The Government also recognizes that it cannot expect more of other employers than it is willing to undertake itself, as an employer. For example, the Government of Ontario introduced an affirmative action program in 1974 within the Ontario Public Service before it began to urge the adoption of such

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1 In Ontario, the broader public sector covers such groups as Crown agencies, municipalities and local boards, school boards, colleges, universities and hospitals. For the purposes of this paper, five major groupings within the broader public sector—colleges, school boards, public hospitals, municipalities and universities—were examined in detail and a profile was developed. Information on these five groups is shown in Appendix 1. The private sector profile appears in Appendix 2.

measures by other employers. Now the government has made a firm commitment to initiate the implementation of pay equity in the Ontario Public Service, and to extend implementation to the broader public sector and the private sector.

A diversity of employment and labour practices in Ontario is a major source of the province's social and economic strength. A pay equity policy should be implemented in a manner which complements these strengths, maintains Ontario's competitive position and keeps the economy strong.

Development of a pay equity policy involves the consideration of a wide variety of issues. These range from a definition of pay equity to specific issues such as the definition of an "establishment" or the question of back-pay awards. A number of these issues are in a sense "generic", and as such are independent of any method of pay equity implementation chosen. They are corollaries of the definition of pay equity chosen for the Green Paper: that pay equity means that, excluding non gender-related factors which influence pay, work performed by women which is equivalent in value to that performed by men in the same establishment is to be paid the same. The definitions and possibilities covered by the "non gender-related factors", including market factors, is one of the important areas for consultation and discussion in the Green Paper.

A range of positions could be taken on these and other relevant issues. Many views were considered in the development of this Green Paper. After consideration, it has been decided that six fundamental premises will form the basis of the pay equity policy. These six premises are:

1. The purpose of the legislation is to address gender discrimination only.

   By definition, pay equity is specifically directed at that portion of the male/female wage gap which may be attributed to gender discrimination which may occur in job valuation and pay determination. Pay equity is not intended to address general problems of low wages, or what may be perceived as unfair remuneration received by one employee compared to another employee. It is widely recognized that the rate of pay may be influenced by non gender-related factors, including seniority and excellence of performance.

2. Comparisons are to address the valuation of "women's work" only.

Pay equity is a positive remedy to address an historical imbalance - the correlation between being a female employee and receiving lower wages. Therefore the adjustments covered by the legislation will be restricted to female employees or employees in female-predominated occupations. Only female employees or employees of either gender in female-predominated occupations would be able to receive remedies under pay equity legislation.

This premise is consistent with sub-section 15 (2) of the Canadian Charter of Rights and Freedoms, which permits the government to establish special programs to help disadvantaged groups, without infringing the guarantee of equality under sub-section 15 (1). Indeed, it can be argued that such measures may be necessary if the members of disadvantaged groups are to enjoy equality. They therefore do not infringe sub-section 15 (1), but, in fact, assist in its realization.

3. "Equal Value" does not Mean "Identical Value"

By definition, implementation of pay equity will necessitate comparisons between dissimilar jobs to determine whether the jobs are of intrinsically equal value to the employer. Equal value is usually defined with reference to a composite value for skill, effort, responsibility and working conditions. It is important that the meaning given to equal value reflect the intent of the principle of pay equity. The term should not be interpreted narrowly as synonymous with "identical" value, thus requiring an exact match between the jobs being compared. It is intended that a range of similarity will be permitted. Thus the concept envisaged in this Green Paper may be more appropriately labelled "equivalent value", "similar value" or "comparable value," or some other term may be used to convey that identical matches between female and male jobs are not required in order to bring the requirements of the legislation into play.

4. Comparisons must be made within an establishment

The definition of pay equity in this Paper limits comparisons to the same "establishment," as do Canadian federal legislation and pay equity legislation in other jurisdictions. This means that gender-based comparison is required only within a particular establishment. The definition of "establishment" is, therefore, a critical policy decision. The options for,

and consequences of, further refinement are discussed more fully in Chapters III and V. One important consequence of almost any definition of "establishment" should, however be noted. In some establishments, there may be no male employees or male-predominated jobs with which to compare what has been perceived to be an undervalued female job. In other words, it will not be possible to answer the question, "undervalued compared to what?" The Government is aware of the issue of low wages in some establishments where no comparisons are available. However, remedies for such situations are considered beyond the scope of this Green Paper and will have to be addressed by other policies.

5. The Legislation Will Not be Retroactive

Legislation will apply to conditions existing only after the date of its proclamation. Any pay equity legislation would impose new requirements on employers, and it is unreasonable to expect compliance before new legislation is proclaimed. It would not be possible to receive a wage adjustment for an undervaluation existing prior to the proclamation date, and no remedies could be awarded until after that date. However, employees would still be able to recover back-pay for the denial of equal pay for equal or substantially the same work under existing legislation.

6. The Legislation will not Permit a Reduction in Wages to Satisfy Its Requirements

As in the case of federal, Quebec and Manitoba pay equity legislation, and current Ontario equal pay laws, Ontario pay equity legislation would contain a prohibition on the reduction of wages. For example, if a female-predominated job is compared to a male-predominated job and is found to be of equivalent value, and the rate received by the women is $10.00 per hour compared to $12.00 per hour for the men, the legislation will not permit the employer to reduce the wages of the men to $10.00 nor to increase the female wages and reduce the male's to $11.00 in order to satisfy the requirement that men and women be paid the same rate.

The purpose of this Green Paper is to widen public awareness of the concept of pay equity and to raise for discussion the many implementation issues which must be addressed in making this concept a reality in the private and broader public sectors.

A Green Paper outlines issues and options. It is a brief survey of the questions involved and the possible courses of action available to a government. A Green Paper does not attempt to answer all the questions it raises. The options for implementing the concept of pay equity are open for discussion. The methods of application are yet to be chosen.

In issuing this Green Paper, the Government wishes to provide business, labour, women's groups, the broader public sector, and indeed all concerned individuals and groups with an opportunity to present their views on the implementation of pay equity. Therefore, a series of consultations will be held, and both verbal commentary and written submissions will be accepted. All interests will be fairly considered in this process. The advice offered in these consultations will assist the Government in the formulation of its legislation for pay equity.

In considering the implementation of pay equity, it is clearly necessary to give the background or context of this initiative. A number of factors need to be taken into account. These include: women's labour force participation; occupational segregation; the male/female wage gap; the historical perspective; and the experience of other jurisdictions which have already put in place pay equity or comparable worth policies, or are currently attempting to do so. This is the subject of the next chapter.

II. THE CONTEXT OF PAY EQUITY

The Government of Ontario's commitment to pay equity requires measures which address the undervaluation of women's jobs due to occupational segregation and wage discrimination.

As such, pay equity is only one of a number of measures, including child care, affirmative action and training programs, designed to help women achieve equality with men by means of equity in all aspects of employment. It is an extension of the long-standing statutory requirement of equal pay for substantially the same work. Unlike equal pay for equal work, pay equity involves the comparison of dissimilar work to determine whether the jobs are of equal value.

The existence of the need for such measures is best illustrated by an examination of women's labour force participation, the phenomena of occupational segregation and the wage gap, and the historical context of government policy directed at employment equity for women.

A. GROWING IMPORTANCE OF WOMEN IN THE LABOUR FORCE

Over the last 25 years the size of the female labour force in Ontario (and in fact, throughout the industrialized world) has increased dramatically. In 1985, there are approximately 2.1 million women in the Ontario labour force .[1] This represents a three-fold increase since 1961, when the female labour force numbered 684,000.[2] In 1984, 57% of women in Ontario were employed,[3] considerably higher than the 1961 rate of 32%.[4] At the present time,

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1 Statistics Canada, The Labour Force, (June 1985), Catalogue 71-001 Monthly, Table 3.

2 Statistics Canada, Labour Force Annual Averages, Catalogue 71-529, special tabulations.

3 Statistics Canada, The Labour Force, (December 1984), Catalogue 71-001 Monthly, Table 59. The female participation rate is now calculated as the percentage of women in the labour force out of all women aged 15 to 65. Prior to 1966, it was calculated from the base of all women aged 14 to 65.

4 Statistics Canada, Labour Force Annual Averages, Catalogue 71-529, special tabulations.

approximately 44% of the total labour force is female.[5] Not only are more women working at paid employment, but their attachment to the labour force is increasing in duration.

Women increasingly remain in the labour force following marriage and child-rearing. Among women who do leave, a majority return to the labour force when their children are about to enter or are in school. These women have a work-life expectancy of at least 25 years, despite their break in employment. Women who do not experience a break in employment will spend about 45 years in the labour force — the same as men.[6] In addition to their increased labour force participation, women are also increasing their participation in education and training programs.[7]

In Ontario in 1981, 744,000 women, or 40% of the female labour force were single, widowed, or divorced.[8] They were the sole support of themselves and in many cases, children and other family members. Moreover, research indicates that married women are employed outside the home in order to make major contributions to the family income. Women have boosted the income level of families in Ontario and, in fact, have kept many families out of poverty. Women's labour has been essential for the expansion of service, finance and information industries.[9]

The female labour force, therefore, is strong in numbers, committed, and essential. And yet differences in economic benefits remain prevalent. The persistence and extent of differential treatment of men and women in employment is documented by many indicators, two of which are occupational segregation and the wage gap.

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5 Statistics Canada, The Labour Force, (June 1985), Catalogue 71-001 Monthly, Table 3.

6 Ontario Women's Directorate, Women in the Labour Force "Fact or Fiction", 1982.

7 For a more complete profile, see Appendix 3.

8 Statistics Canada, Labour Force Survey Division (LFSD).

9 Jac-Andre Boulet and Laval Lavalle, The Changing Economic Status of Women, study prepared for the Economic Council of Canada (Ottawa: Minister of Supply and Services Canada, 1984).

B. OCCUPATIONAL SEGREGATION OF WOMEN

Occupational segregation pervades the Ontario labour force. Female employees are concentrated within a narrow range of occupations - approximately 60% of female workers are clustered in 20 of 500 occupations, primarily in clerical, sales and service.[10] In contrast, male workers are more evenly distributed throughout the occupational structure.[11]

Not only are women employed in a limited number of occupations, they also numerically dominate many of these occupations. In 1982, women comprised 98% of workers in stenographic and typing occupations, 69% of those in food services occupations, and 92% of those in nursing occupations. In contrast, 68% of university teachers, 90% of engineers and architects and 98% of construction workers are male.[12] These jobs have become known, respectively, as "women's jobs" and "men's jobs". In other words, in a segregated labour force, jobs become stereotyped according to sex. The negative effects of a segregated labour force are described in a 1975 report of the International Labour Conference:

> Job labelling is both dangerous and discriminatory. It leads to recruitment based on sex rather than on capacity, and it perpetuates unproven beliefs about women's abilities and inabilities as workers. It creates a situation in which work traditionally done by men commands higher pay and prestige while that traditionally done by women is accorded lower pay and prestige and is consistently undervalued. It has no inherent logic.[13]

C. FACTORS CONTRIBUTING TO THE WAGE GAP

The extent to which women are paid less than men is captured by an indicator popularly called "the wage gap". This is usually stated as the difference between male earnings and female earnings, expressed as a percentage of male earnings. The most common reference in Ontario is to a wage gap

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10 For detailed breakdown of female employment by occupation, see Appendix 2.

11 Statistics Canada, The Labour Force, (December 1984), Catalogue 71-001 Monthly, Table 75. See Appendix 2.

12 Statistics Canada, Labour Force Survey Employment by Sex and Occupation (3 digit) Annual Averages, Ontario, 1982. Unpublished data.

13 International Labour Office, Equality of Opportunity and Treatment for Women Workers, Report VIII 20 (International Labour Conference, 60th Sess., 1975).

of 38%.[14] This is based on full-time average annual earnings in 1982. It means that the gross average earnings of female full-time employees in the province are 62% of men's full-time gross average annual earnings. The gap is comparatively constant: in 1971 women's earnings were 60% of men's.[15]

There are a number of factors which contribute to the wage gap. These are illustrated in the following chart and include differences in hours worked, degree of unionization, type of education, occupational segregation and discrimination. An understanding of those factors will lead to a better appreciation of what a pay equity policy is designed to accomplish.

The Wage Gap: The Difference in Earnings between Men and Women.

100% Average Annual Full-Time Earnings of Men in Ontario

Approximately 5% shortfall due to wage discrimination.

10%-15% shortfall due to occupational segregation.

5%-10% shortfall due to factors such as labour-force experience, education, and level/rate of unionization.

16% shortfall due to differences in hours worked.

62% Average Annual Full-time Earnings of Women in Ontario.

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14 Statistics Canada, Earnings of Men and Women, 1981 and 1982, Catalogue 13-577 Occasional, Table 2. For this data, a full-time worker is a person who has worked, mostly full-time, 50-52 weeks. A part-time worker is a person who has worked, mostly part-time, 50-52 weeks, or less than 50 weeks.

15 Statistics Canada, Earnings of Men and Women, selected years 1967-1979, Table 2.

The components of the wage gap, and the proportional values corresponding to each factor, have been analysed in a number of studies. See, for example, Gunderson, The Male-Female Earnings Gap in Ontario A Summary; Robb, "Earnings Differentials between Males and Females in Ontario 1971"; and Treiman, Hartmann, and Roos, "Assessing Pay Discrimination Using National Data", in Remick, ed., Comparable Worth and Wage Discrimination. Full references are contained in the bibliography.

As mentioned, when only full-time annual earnings are compared, the wage gap is 38%. If the comparison is further adjusted to examine average hourly earnings, the wage gap is 22%.[16] This latter calculation illustrates the differences in the hours worked between males and females working full-time. Some of the jobs men and women perform require varying levels of training and education. Men and women also differ in the amount and type of labour force experience they have. These factors, plus different rates of unionization account for another portion of the wage gap, a portion which is more difficult to measure than that attributable to full or part-time and hourly earnings.

Discrimination may affect each and every component of the overall wage gap. For example, differences in hours worked may reflect an inequitable division of labour within the household. Differences due to productivity-related factors such as relevant education and training may reflect screening prior to entry into the labour force. Such factors, however, are beyond the scope of a pay equity policy.

Studies show that upwards of 10 points of the 38 point wage gap are attributable to occupational segregation. In many cases, women are segregated into lower-paying jobs which require the equivalent amount of skill, effort and responsibility as male jobs, but are not paid accordingly. This undervaluation of "women's work" is, to some extent, the result of situations in which women, initially entering the paid labour force, took jobs involving the type of work traditionally performed at home, such as caring for children, tending the sick, and serving food. In the home setting, this kind of work is not remunerated, nor is its value recognized economically, and the labour market has perpetuated these circumstances in low wage-setting for women. It is the portion of the wage gap which may be attributed to this undervaluation of women's work which pay equity is intended to address.

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16 Statistics Canada, Hourly Earnings Data from the Survey of 1981 Work History, Labour Force Survey Research Paper, No. 38.

Occupational segregation also involves the segregation of women in jobs which require less skill, effort and responsibility than jobs filled by men. This latter aspect of occupational segregation will not be affected by a pay equity policy.

A final portion of the wage gap is due to wage discrimination by some employers, who are paying women less than men for equal work or substantially the same work, contrary to existing legislation. The continued existence of this form of wage discrimination indicates that current mechanisms are not effective. Implementation of a pay equity policy will have some effect on closing this portion of the wage gap.

While a consensus is developing around the thesis that women's unequal pay and their occupational segregation are related, debate continues about how much of the wage gap can actually be attributed to this relationship. As a result, experts differ in determining what portion of the wage gap could be closed by pay equity legislation, although most agree that it could exceed one quarter of the overall gap of 38 percentage points.[17] Pay equity policies could, therefore, result in women's average wages rising to between 70% and 80% of men's.

The Government's commitment to the principle of pay equity does not depend upon the size of the wage gap or upon the portion or percentage of the wage gap which could be closed by a pay equity policy. Rather, it rests on the conclusion that some portion of the wage gap is due to discrimination which has not been eliminated by existing equal pay for equal work and equal opportunity initiatives. This portion of the wage gap can be narrowed or eliminated by a pay equity policy.

The remainder of the wage gap which is not addressed by pay equity requires for its reduction a strong and cohesive employment equity strategy. In accordance with its absolute commitment to the elements of such a strategy, which embraces, among other initiatives, pay equity, the Government is making substantial investments in education and training, increasing child care facilities and assistance to employers with their employment equity plans. Employment equity will become a reality when the workplace skills of both men and women are fully utilized. The benefits of employment equity will greatly

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17 Gunderson, Morley, The Male-Female Earnings Gap in Ontario: A Summary (Toronto: Ontario Ministry of Labour, 1982) and Robb, Roberta, "Earnings Differentials between Males and Females in Ontario, 1971," Canadian Journal of Economics (1981) : 350-59.

reward such efforts and should be reflected in a narrowing of that portion of the wage gap which cannot be addressed by a pay equity policy.

D. HISTORICAL PERSPECTIVE

Historically, Ontario has had anti-discriminatory pay and equal employment opportunity legislation and has advocated affirmative action programs. The Ontario Human Rights Code embodies provisions for equal opportunity and the Employment Standards Act addresses equal pay for substantially the same work. The Ontario Government has established a voluntary approach to broader public and private sector implementation of affirmative action which includes the provision of consultative services and, in the case of some entities in the broader public sector, incentive funding.

Under the Human Rights Code, employers are prohibited from discriminating on a variety of bases, including sex, in all aspects of employment. Originally, sex discrimination in employment was handled by the Women's Equal Employment Opportunity Act which came into force in 1970. This Act was repealed in 1972, and sex as a prohibited ground of discrimination was added to the Ontario Human Rights Code. Such practices as advertising a job as "male" or "female" or maintaining separate seniority lists based upon sex violate the Code.

In 1951, Ontario became the first jurisdiction in Canada to enact equal pay legislation. The Female Employees Fair Remuneration Act required employers to pay male and female employees equal pay for the same or equal work done in the same establishment. In 1962, these provisions became part of the Ontario Human Rights Code, and in 1968 they were transferred into the Employment Standards Act.

An Ontario Court of Appeal decision[18] in 1970 resulted in a broadening of the interpretation of "equal work". The decision found that nurses' aides and orderlies were performing equal work within the meaning of the Act, although their work was not identical, but was substantially the same. In 1974, the equal pay section of the Act was amended to change "same work" to "substantially the same".

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18 R. v. Howard et al. (1970), 13 D.L.R. (3d) 451.

As a result, current equal pay provisions apply only to situations where men and women perform substantially the same job in the same establishment.[19] Furthermore, not only must the work be substantially the same, it also has to be equal in each of skill, effort, responsibility and working conditions; for example, a "female" job with more responsibility but slightly less skill required would not qualify for equal pay under this legislation.

By contrast, the pay equity approach recognizes that most men and women do different kinds of work and that since some women's work is undervalued there needs to be a more comprehensive basis for comparison of value than "substantially the same work". Pay equity attempts to rectify the situation by enabling comparisons of different jobs (i.e., jobs held mainly by women and jobs held mainly by men). An example of the types of positions which can be compared is found in the case brought against the federal public service involving the comparison of home economists and physical therapists, predominantly female, with an agriculture and forestry employee group, predominantly male. The comparison was based on a job evaluation system that provided for an assessment of different jobs. Also in contrast to Ontario's current equal pay legislation, a total value of a composite for skill, effort, responsibility and working conditions is used to determine work of equal value. Accordingly, jobs being compared may be stronger or weaker than each other on any particular factor but still be equivalent overall.

As a single measure, pay equity legislation will not completely eliminate the wage gap or totally integrate the labour force. However, it is a significant step, because it addresses women's jobs as they now exist, rather than promoting restructuring of the work force as the means of achieving economic equality. Women should not have to enter a "male" field in order to feel valued as workers and to be compensated accordingly. Every woman should be entitled to receive remuneration appropriate to the demands of the job, regardless of whether the job is performed primarily by women or by men.

Pay equity will not address issues such as access to non-traditional jobs, the need for increased education, training and retraining programs, the promotion of women into senior ranks, and adequate and affordable child care. The Government will, therefore, continue to be sensitive to other initiatives and

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19 Since pay equity legislation cannot cover all employment situations, it is appropriate to retain the current equal pay provision.

will address these issues through other strategies. These other strategies are necessary because it is unrealistic to expect the wage gap to diminish "from natural causes", or be entirely addressed by affirmative action, either voluntary or mandatory.

In recognition of these facts, pay equity or comparable worth policies have already been implemented in other jurisdictions in Canada and the U.S., in Great Britain, Australia and New Zealand. All European Economic Community members are required to conform to the principle, and Canada ratified in 1972 an International Labour Organization commitment to equal pay for work of equal value.

In Canada, pay equity has been legislated for the private and public sectors federally and in Quebec since the mid-1970's. Manitoba recently introduced pay equity legislation covering its public service and selected Crown entities, hospitals and universities.[20]

Jurisdictions which have already legislated pay equity have had to contend with the question of costs, the need to maintain the viability of economic forces, and the collective bargaining process. Ontario is in the fortunate position of being able to benefit from the experience of these jurisdictions.

Issues such as establishment definition and gender predominance in occupational categories are, of course, fundamental to any pay equity policy. These are discussed in the following chapter, in conjunction with possible job evaluation methodologies.

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20 Appendix 4 provides an overview of pay equity initiatives in Canada, the U.S. and Great Britain.

III. PAY EQUITY ISSUES

The principle of pay equity can complement Ontario's social and economic strengths, providing that it is implemented with sensitivity.

There are a number of issues which have to be addressed, including who will be affected, how value will be determined, and how pay will be defined and adjusted. This chapter highlights these issues, indicates where decisions need to be made and underlines the need for discussion of the implementation of a pay equity policy through the consultation process.

A. ESTABLISHMENT

It is a basic premise that implementation of pay equity will be limited to comparisons within an employer's establishment.[1] Establishment can be defined in a number of ways including geographic, functional, or corporate definitions. The nature of the establishment is crucial because it defines the area of job comparison.

Geographic Definition

A specified geographic boundary could be used to circumscribe the area within which comparisons would be conducted, e.g., municipality, metropolitan area, county, province. In practice, employment standards officers in Ontario have used a geographic definition when investigating equal pay cases.

The use of a geographic definition, however, can be restrictive and make comparisons difficult. For example, if municipal boundaries were used to designate the geographic area, employers with branches of their businesses in different municipalities could pay different wages in each branch. Employees could not compare themselves to workers in other municipalities, even if they

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1 See fundamental premises, Chapter I.

were doing work of equal value for the same employer. On the other hand, if a province-wide definition of employer establishment were used an employer could be restricted in the use of regional rates of pay.

Functional Definition

A functional definition would consider employees of the same company, covered by a common set of personnel and compensation policies, to be one establishment. This approach could encompass all of an employer's operations within the province of Ontario, if a common set of policies applied. However, if an employer's personnel and compensation practices vary from one location to another, under a functional definition employees could not compare themselves to workers in other locations, even if they were doing work of equal value for the same employer. Similar comparison difficulties might arise if individual collective agreements applicable to employees of the same organization, in the same or different locations, constitute a different set of personnel and compensation policies. In this instance, comparisons could not be made across bargaining units or between unionized and non-unionized employees.

Corporate Definition

A corporate definition would require the employer to pay equal wages throughout a given corporate entity. This could provide a broad basis of comparison and a consistent approach to pay equity throughout a single employer's organizations. Although the corporate entity might extend beyond Ontario boundaries, the pay equity comparisons would be limited to jobs which are physically located in the province. While this might provide a valid definition of establishment its effectiveness could be limited, if employers attempted to avoid the legislation by restructuring a corporation.

Associated Issues

In the private sector, additional issues arise. For example, where franchises exist it is necessary to establish whether each franchise within the operation is an autonomous establishment, or whether comparisons can be made among all such franchises. Chain operations in which some outlets are unionized and some are not, raise another form of the establishment issue. In the broader public sector, provincial bargaining leads to cross-organization pay-setting practices which complicate a definition of establishment.

In conclusion, a final definition will have to be designed to acknowledge both diversity of practice and the needs of female employees.

B. GENDER PREDOMINANCE

A key definition in the implementation of pay equity is that of gender predominance, because even where an individual employee may initiate the complaint, comparisons will tend to be between male and female-predominated occupations. The issue of gender predominance thus arises in two ways. On the one hand, it is necessary to determine whether the occupation of the lower paid employee is predominantly female. On the other hand, it is necessary to determine whether the more highly paid occupation is predominantly male. If both questions are answered in the affirmative, then the pay equity comparison can be made.

Too high a threshold for establishing predominance may arbitrarily exclude employees from the benefit of the legislation; too low a threshold may place too much of a burden on the employer. A workable definition of gender predominance would appear to require an indication of the numerical cut-off which would designate male and female groups. In addition, a further provision appears necessary to ensure that temporary or historical shifts in employment patterns do not result in the exclusion of otherwise legitimately included jobs. Other jurisdictions have proposed or used a number of options to establish a cut-off for gender predominance of various groups. For example:

- The Canadian Human Rights Commission has proposed a sliding scale, based on the size of an employee population. The proposed cut-offs for both female and male-predominated groups are:

Fewer than 100 employees	70%
100-500 employees	60%
More than 500 employees	55%

- A comparable worth study commissioned by the State of New York is looking at sex predominated groups using a statistical formula. This formula establishes the State of New York cut-off for female-predominated groups at just over 68%.[2]

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2 See Ronnie Steinberg, "Identifying Wage Discrimination and Implementing Pay Equity Adjustments" in U.S. Commission of Civil Rights, Comparable Worth: Issues for the 80's Vol. 1 (Washington, D.C.: U.S. Government Printing Office, 1984) 99-115, for a description of the New York study.

- Recent legislation in Manitoba designated a 70% level for gender predominance plus a possibility of negotiating additional groups or setting other standards by regulation. The application of the 70% standard by the Ontario government would result in the exclusion from pay equity legislation of certain institutional care workers (63-65% female).

In addition to current representation, there is the question of whether historical patterns of gender predominance should be considered. While an occupational group may no longer be predominated by women, its low pay may be attributable to previous female predominance. It is difficult to determine at what point the presence of females will influence the wage structure. However, a low cut-off for male predominance (e.g., 55%) increases the possibility that the low wages paid to an occupation reflect previous female-predominance of the group or a current large proportion of females (45%).

Because such changes might be temporary, the proposed federal guidelines suggested the possibility of a specified stabilization period, during which time the predominance requirement must be met prior to the complaint being made. However, such a stabilization period might be difficult to monitor.

Consideration could be given to legislating specific percentage standards of predominance as is the case with the 70% standard in Manitoba and the federal government's proposed ranges. An alternative would be to legislate a formula, which is the approach used in the New York State Study. The first suggestion would cut across organizations as all employers would utilize the legislated standard. The second suggestion would produce an organization-specific result as each employer would calculate gender predominance for the establishment by applying the legislated formula. A further option, included by Manitoba, is to leave predominance to be negotiated by employers and employees. This approach is useful in its flexibility but it could lead to discrepancies between similar industries and might not be appropriate in a non-unionized environment.

Clearly, it is important to provide adequate and appropriate guidance to employers, employees or their agents, in terms of what constitutes gender predominance, while retaining the flexibility necessary to accommodate changing employment patterns.

C. DETERMINATION OF VALUE

Job Evaluation Methodologies

Job evaluation refers to the process used by employers in determining the comparative value of the individual job, or groups of jobs within an organization. Job evaluation methodologies attempt to balance internal equity with external equity, i.e., they are used to establish equitable pay relationships between the jobs within a firm, while simultaneously ensuring that wages reflect prevailing market conditions. Pay equity, as a component of internal equity, introduces a third dimension to conventional job evaluation analyses.

Up to the present time, job comparisons have usually been confined to similar types of work (i.e., equal work). Implementation of pay equity will necessitate comparisons between dissimilar jobs to determine whether, based on the same standard of evaluation, these are of equal value to the employer.[3] In work of equal value comparisons, job evaluation systems and value standards applied will, if possible, be those of the employer.

There are a variety of job evaluation systems used by employers. Depending on the type of employment being valued, the size of the employer, or the approach of the employer to job evaluation, these systems may be used to support three basic approaches to evaluating jobs: a universal comparison of all jobs, a comparison of jobs within occupational groupings (job families), and a comparison of individual attributes and contributions (employee-based). Comparisons can be difficult in an establishment which uses both job-based and employee-based approaches. For example, a high-tech industry might use a job-based approach for management employees and an employee-based approach for research scientists. For pay equity purposes, an employer would require an appropriate method of comparing jobs which have been evaluated using these two approaches.

Existing job evaluation systems may be used to assess equal value to the extent that approaches are not gender-biased and are applicable to different types of

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3 Various jurisdictions have gained considerable expertise in the comparison of dissimilar jobs. The Canadian Human Rights Commission has compared female general service workers (cafeteria, laundry and personal service workers) to male warehouse, building and custodial workers, and home economists with agricultural and forestry employees.

jobs. However, a number of issues remain outstanding. For example, employers may have multiple plans, a simple plan or no plan at all. These differences must be addressed.

A single job evaluation methodology is unlikely to emerge as the best means of implementing pay equity in Ontario. Other jurisdictions have used or modified existing job evaluation systems to suit their needs.

Minnesota, for example, based state pay equity adjustments on a point ranking system which had been implemented several years before the pay equity task force was established. A comprehensive study of New York State's civil service utilized extensive surveying techniques to determine job characteristics and identify any gender-bias. The Canadian Human Rights Commission uses another prepackaged job evaluation system to assess cases if the employer does not have an appropriate system in place. What is probably required in Ontario are minimum standards for employers to apply to whatever job evaluation systems they have in place. Some of the issues to be covered in such standards are raised in the following discussion.

Effects on Existing Employer Practices

Legislated job evaluation.

A single job evaluation methodology is unlikely to be endorsed throughout Ontario. Nor will an across-the-board job evaluation system per se be required. The former is unrealistic and unnecessarily intrusive while the latter would negatively affect smaller employers.

Universal templates.

Systems will be required which can, if necessary, be overlaid across dissimilar jobs to effect comparisons. These may prove to be employers' own systems, a future system which may be specifically developed for this purpose, or a generic system which is currently commercially available, i.e., the Canadian Human Rights Commission may use one of several plans for this purpose if an employer does not have an appropriate plan in place.

Bias-free standards.

Cultural assumptions relating to employment discrimination could be reflected in compensation through job content analysis and job evaluation. One approach to reducing gender-bias in these systems is to develop minimum standards by

which employers may assess their practices and ensure, to the greatest extent possible, that such plans are bias-free. These standards might address a number of areas.

Reduction of Gender-Bias

The objective of bias-free job evaluation is to guarantee the elimination of those practices which produce an under-valuation of women's jobs. Where a comparison exists, already established job evaluation systems would not be affected by pay equity legislation provided they were free of gender-bias, were consistently and reliably applied, and were valid and fair in results produced.

Identification of gender-bias and its elimination from the evaluation process is important to effective implementation of a pay equity policy. It will involve continuing review of:

i) Data Collection Instruments

The collection method adopted must be sensitive to differences between male and female predominated jobs, e.g., a questionnaire with numerous questions on financial responsibility, but few on patient care responsibilities, would not produce the necessary level of gender-neutrality in a hospital setting.

ii) Factor Definitions

Since most jobs will be compared in terms of compensable factors such as skill, effort, responsibility and working conditions, it is essential that gender-biased interpretations of these terms be eliminated. For example, a job evaluation plan used in a factory might describe the risk factor in terms of the potential for industrial accident with no provision for the risk of infection which the factory nurse's job might entail. Similarly, a second aspect of working conditions might refer to unpleasant surroundings and exposure to dirt and noise. Again, exposure to human dirt or pain in the nurse's job might be overlooked. The nurse's job might then be undervalued in terms of both aspects of the working conditions factor.[4]

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4 See Helen Remick, "Major Issues in a priori Applications" and "Dilemmas of Implementation: The Case of Nursing" in Remick, ed., Comparable Worth and Wage Discrimination: Technical Possibilities and Political Realities (Philadelphia: Temple UP, 1984).

iii) Employee-Based Systems

The development of employee-based "factors" (as opposed to the usual skill, effort, responsibility, and working conditions) offers considerable potential for introduction of gender-bias. In such a system, the emphasis is upon the incumbent, and not the job.

iv) Point-Rating Plans

The weighting of different factors and sub-factors offers considerable scope for gender-bias, particularly in terms of the way points are assigned. For example, the physical effort required of a nurse might be assigned lower point value than that of a maintenance worker.

v) Evaluator Bias

Evaluators themselves, unless specifically sensitized to the potential for gender-bias, may reflect social attitudes which contain inherent gender-bias: e.g., "women are accustomed to doing that kind of work. Caring for children is second nature to them." Such bias can lead to insufficient emphasis on the skills and experience needed to perform certain jobs.

Measurement must be valid, with information about job content captured accurately, and reliable, with the same information elicited from different job incumbents. These conditions can be met only if the sample selection of incumbents is accurate, the sample of job titles representative, the questionnaire well constructed, the scales relating to factor weights properly developed, and the job factors relevant.

D. DEFINITION OF PAY

The term pay, or compensation, generally encompasses a number of components: direct wages or salaries, overtime, stand-by time, merit pay, bonuses, profit sharing, vacation leave, educational leave, maternity leave, payments of insurance, pensions, and perquisites. In some cases, these payments are required by statute, but the majority go beyond minimum requirements.

A determination of what is encompassed by the phrase "equal pay" under the legislation will be required. For example, the International Labour Organization Convention mandating pay equity contemplates a broader definition of pay than simply wages and salaries. The federal government has adopted a "total compensation" approach, involving calculation of all quantifiable payments to employees in the groups at issue. Wage adjustments arising from pay equity in the federal jurisdiction are, however, made separately from other adjustments. Quebec, on the other hand, defines pay in terms of wages and salaries only.

Limitation to wages only could mean that employers could remain within the requirements of legislation while maintaining larger fringe benefits for male jobs; or omitting important sources of income from "equal pay" calculations, e.g. taxable benefits deriving from the use of a company car or productivity bonuses for a male group but not an equal female group.

Adoption of a "total compensation" approach involves extensive costing and definitional exercises. For employees, it is important that delay in implementing what may already appear to be a lengthy process be minimized; for employers it is important to limit the need for cumbersome calculations.

For purposes of implementing pay equity, it could therefore be considered that all forms of compensation must be, at least potentially, at issue. However, to the extent that employee access is equivalent, no further adjustments might be necessary. To the extent that employee treatment differs but conditions are similar, adjustment to existing practices could be necessary. Employers might be assisted if the agency responsible for pay equity legislation issued guidelines outlining what benefits should be reviewed.

E. ALLOWABLE EXCEPTIONS

Although jobs may be of the same value, employees may not be paid the same, even under pay equity legislation. Discrepancies may be due to several factors which may be specified as exceptions under the legislation. Depending on the implementation model chosen, comparisons might be made between individuals or between groups of employees. This, in turn, will have some bearing on which exceptions may be relevant.

Seniority and red-circling, for example, may only be relevant if individual employee comparisons, as possible under a complaint-based model, are used.

Exceptions such as labour market shortages could be relevant for individual or group comparisons.

Seniority may justify a higher wage for an employee as a reward for experience and years of service to an employer. A difference in salary which reflects seniority might be acceptable if the seniority principle is applied consistently in a gender-neutral manner.

Exceptions which might be allowed, assuming consistency in application, are the following:

- o seniority systems, based in part on length of service;
- o performance rating systems, based in part on individual excellence;
- o "red-circling," which involves protecting an employee's salary level in spite of demotion;
- o training assignments, with salary lower because it is based on one job while training for another;
- o regional rates of pay which reflect local labour market conditions.

In order to attract or retain employees, an employer may pay a premium as a result of external influences, e.g., temporary labour market shortages or industry-wide labour rates due to collective bargaining by sector. To the extent that employers can show that such a condition is beyond their influence and generally affects the occupation in the relevant geographical region, the job(s) in question can be exempted. If the situation involves a labour shortage, its anticipated duration should be taken into account and the criteria should be applied consistently in a gender-neutral manner. In addition, employers should be able to show they are otherwise satisfying the objective of pay equity. If an employer can satisfy these requirements, the concern that market shortages will be used to subvert pay equity legislation should be alleviated.

Employers claiming an exception would need to show that this is applied in a gender-neutral manner. The employee could have the opportunity to dispute an employer's exception claim, and the decision-making body could give a ruling. Guidelines could be provided to assist the employer in applying approved exceptions and to permit the employee to determine whether they are being applied consistently with the legislation.

F. PAY ADJUSTMENT

The goal of pay equity legislation is the elimination of that portion of the wage gap which is due to occupational segregation and the concomitant undervaluation of women's work. When a pay adjustment is required, the question arises as to the nature of the adjustment and what increase in pay is needed to meet the requirements of legislation.

Consideration could be given to a number of options, which essentially fall into two categories:

a) Adjustments resulting from female employee complaints involving identification of a specific male target job. This approach involves adjustments as claims are made. It lacks the systematic review and adjustment features inherent in the following category of adjustments.

b) Adjustments resulting from establishment-wide reviews of female work in relation to male work, and, possibly the work done by mixed groups as well. The pattern of results from using male or mixed groups is similar; however, the actual level of adjustment would be lower if a mixed group option were adopted. For discussion purposes, this paper focuses on adjustments in relation to male-predominated work and pay.

Major pay adjustment options include adjustment of wages:

- up to the minimum comparable male rate;
- up to the average comparable male rate;
- up to the maximum comparable male rate;
- by a dollar or percentage amount equal to the difference between average male rates and average female rates.

The following example is intended to demonstrate the level of adjustment contemplated by adoption of adjustments to the minimum average or maximum male rate for comparable work. The dollar or percentage adjustments will be dealt with separately. In this example, all jobs are of equal value.

Jobs	Hourly Wages	Adjust to Male Minimum	Adjust to Male Average	Adjust to Male Maximum
Male 3	$ 20	$20	$20	$20
Male 2	$ 17	$17	$17	$17
Male 1	$ 14	$14	$14	$14
Female 2	$ 13	$14	$17	$20
Female 1	$ 10	$14	$17	$20

* Male 2 represents the average rate between rates paid to Male 1 and Male 3.

Adoption of any one of these models involves consideration of implications in terms of: costs, which rise as the level of adjustment rises; the response of lower paid male workers if the equity adjustment results in higher pay for comparable female workers; and the complexity of implementation.

The fourth option, the adjustment of female employees' wages by a dollar or percentage amount equal to the difference between average male rates and average female rates, will have somewhat different consequences.

As in the previous example, the jobs illustrated in the following table are assumed to be of equal value. The difference between the average male wage rates and the average female wage rates is 32%. Each of the female jobs would thus receive a 32% increase. Following such an adjustment, Female 1 is still not paid a rate equal to any male employee doing work of equal value, while Female 2 is paid slightly above the male wage average.

	Hourly Jobs	Adjusted Wages (32%)
Male 2	$20	N/A
Male 1	$14	N/A
Female 2	$13	$ 17.16
Female 1	$10	$ 13.20

SUMMARY

This chapter has examined a number of the issues and questions raised when implementation of pay equity is considered. Many of the issues are complex and there will not be unanimity on their resolution. In the final analysis, however, the objective of pay equity legislation is the elimination of systemic undervaluing of women's work.

Bearing in mind the diversity of employment conditions in Ontario, consideration will need to be given to a variety of methods of implementing pay equity. Proposed models for the policy's implementation are outlined in the following chapter.

IV. MODELS FOR IMPLEMENTATION OF PAY EQUITY

There are a variety of methods by which pay equity may be implemented. These methods acknowledge the diversity of employment and labour practices in Ontario, and assume that equitable compensation is a common goal. While other jurisdictions have already embarked upon establishing pay equity, primarily in the public sector, we should be wary of simply transplanting systems to our own situation. Approaches developed elsewhere reflect the values and requirements of those jurisdictions; they do not necessarily meet the values and requirements of Ontario. It is the government's intention to develop an approach which reflects an appreciation of the strengths and needs of all sectors in the province.

Three major models are set out as illustrations. Any of the models (or variants of them) may be implemented immediately, or may proceed in stages. Accordingly, two interim stages are also examined. After a brief outline of the major models and interim stages, application options for each are compared.

Regardless of which model is chosen, the basic premises outlined in Chapter I will apply. Other policy concerns, considered separately in Chapter III, are not specific to a particular approach, but will apply regardless of the approach selected to implement pay equity.

A. MAJOR MODELS FOR IMPLEMENTATION OF PAY EQUITY

The three major methods of implementation considered for illustrative purposes are the complaint-based model, the employer-initiated model, and the integrated model. These are set out in very general terms. Their application options are discussed in greater detail in the next part of this chapter.

1. The Complaint-Based Model

Under this model, the individual employee or group of employees who believed that an employer had failed to implement pay equity could make a complaint to that effect. Complainants would be required to show grounds

to believe that their work was of equal value to a male job which was receiving higher compensation. The employer would be required to show the basis on which the jobs were evaluated.

The complaint-based system is one which has already been employed in Ontario. Both the Ontario Human Rights Commission, which deals with complaints of discrimination, and the Employment Standards Branch of the Ontario Ministry of Labour, which deals with complaints about employment conditions, are founded on a complaint-based system.[1] Federal pay equity legislation, which covers both public and private sectors, is complaint-based and is administered by the Canadian Human Rights Commission.

Under a complaint-based model, once a determination has been made that there are grounds for the pay equity complaint, there are several possible approaches. One is an attempt to conciliate the complaint, i.e., to reach a settlement agreed to by both parties, as in the Human Rights approach. Another might be to instruct the employer to make the pay adjustments, as in the Employment Standards approach. As an alternative, a tribunal or board could be established to hear the complaint and if it is substantiated, to award remedies.

2. Employer-Initiated Model

Under this model, it would be the responsibility of the employer to establish a plan to implement pay equity, in accordance with the requirements of the legislation, and to put it into effect. The employer might be required to establish or maintain documentation demonstrating that job evaluation is free from gender-bias. With this model there could be a monitoring agency with the power to review documentation in order to determine compliance with pay equity legislation.

An employer considered not to have complied, could be charged with an infringement of the legislation. A hearing would give the employer an opportunity to rebut the charge or to demonstrate that one of the specified exceptions was applicable.

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1 The Employment Standards Branch, however, also has a regular investigating procedure without relying on individual complaints.

This approach has been used in Minnesota and is currently being implemented in Manitoba. Both jurisdictions utilize the collective bargaining process to a greater extent than could be anticipated in Ontario because a greater proportion of the broader public sector and private sector in Ontario is not unionized.

3. Integrated Model

The integrated model combines the employer-initiated model with the complaint-based approach. This dual approach could be adapted to private and public sectors, union and non-unionized, large and small organizations.

As in the employer-initiated model, responsibility could initially rest with the employer to implement pay equity in accordance with legislation. As well, the model could include provision for a monitoring agency to ensure compliance with pay equity policy, to facilitate resolution of implementation problems and to hold hearings, if required.

In addition, however, provision could be made for an individual right of appeal, should an employee not be satisfied with the decision reached through a hearing. Initial implementation could be followed by a complaint mechanism. Employers could be required to establish and implement pay equity plans by a certain date, after which a complaint system could be available, and employees could bring forward complaints to the agency.

Table 1 below sets out the key characteristics of the three models.

TABLE 1
THREE POTENTIAL PAY EQUITY MODELS:
A SUMMARY OF KEY ELEMENTS

Characteristics	Complaint-Based	Employer-Initiated	Integrated
Triggering Mechanism	. Complaint filed by individual or group	. In non-unionized setting - employer . In unionized setting - management/union	. Employer or management/union . Complaint filed by individual or group
Avenue of Appeal	. The complaint procedure, as above	N/A	. Complaint Mechanism built-in.
Pay Equity Agency Functions	. Investigation . Routing to conciliation/or order . Determine guidelines . Education . Training . Handle sanctions, if any	. Monitor compliance . Provide consultation . Conduct hearings . Education . Training . Handle sanctions, if any	. Monitor compliance . Provide consultation . Conduct hearings . Handle complaints mechanism . Education . Training . Handle sanctions, if any.

B. TWO INTERIM STAGES

It would be possible to establish a method for implementing pay equity immediately or with specified periods of phase-in, without interim measures. However, it is also possible to employ intermediate steps, two of which would be voluntary compliance and contract compliance. These two interim approaches may be seen in conjunction with any one of the three major models, as a means of staging the application of legislation.

1. Voluntary Compliance

Once the implementation requirements of a pay equity policy were developed, a period of voluntary compliance could be permitted. Employers could volunteer to develop and implement plans before any implementation model was put into effect. A possible negative consequence of permitting a period of voluntary compliance is that employers may be reluctant to participate in such an approach without full knowledge of which major model will ultimately be adopted.

Employers who could demonstrate that they have engaged in bona fide efforts voluntarily might be granted a specified period of immunity from complaints under the complaint-based model or from appeals under the employer-initiated system. Alternatively, complaints could be filed but suspended for a stipulated period of time, and could be re-activated after that time if pay equity had not been satisfactorily implemented.

The voluntary approach, if implemented, would lead directly to one of the three major models, the complaint-based, employer-initiated or integrated, or it could lead to another stage, such as contract compliance.

2. Contract Compliance

In the context of pay equity, contract compliance can be defined as a legislative requirement for contractors to establish that job evaluation is not gender-biased or to develop plans for the implementation of pay equity in order to obtain and maintain government contracts. Contract compliance is most commonly associated with the private sector but a similar approach can be used in the broader public sector, where the government could require certain practices of the recipients of public funds.

Contract compliance could be used as an interim step on its own or in conjunction with the ultimate implementation of one of the major models, or it could serve to refine and focus the voluntary interim stage.

This interim step could apply only to employers who had contractual or funding relations with the Ontario government, while voluntary compliance would, of course, be available to all employers. Although contract compliance would have a voluntary aspect, in that employers could refuse a contract with the government because of its terms relating to pay equity, once the employer entered into a contract with the government, pay equity would have to be implemented if the company wished the contract to be renewed, or to obtain subsequent contracts. One potential weakness of this approach is that government contractors, who have implemented a pay equity policy, could find themselves at a disadvantage when competing with non-government contractors for broader public sector or private sector contracts.

Given that most of the agencies or bodies in the broader public sector are at least partially dependent on the provincial government for funds, the contract compliance system could be modified to include employers who received a substantial amount of government funds, as well as employers wishing to obtain or renew government contracts. Attaching such conditions to government funding for the broader public sector would not be "voluntary", however, in the same sense as contract compliance would be for the private sector.

The foregoing discussion assumes that either the major or interim models apply to the broader public sector and private sector simultaneously. It is possible, however, to choose different approaches for different sectors or even parts of the same sector. For example, it might be possible to implement contract or voluntary compliance for small employers in the broader public sector and/or private sector while the employer-initiated model might be implemented for large employers. Or to use another example, in the short term, establishments without job evaluation systems might be subject to a complaint-based approach while those organizations with existing job evaluation systems might be subject to the employer-initiated approach.

Numerous hybrids are possible, and the search for simplicity should not overwhelm the need to tailor models to build most effectively on employer

systems, labour market factors and employer/employee relationships, in order to achieve effective implementation of pay equity.

C. APPLICATION OPTIONS FOR THE MODELS

Five specific application options are considered here, to be applied to the three major models and to the interim stages. These are: (1) coverage; (2) phase-in; (3) back-pay awards; (4) agency; and (5) administration.

1. Coverage

(a) Major Models

The three major models, complaint-based, employer-initiated and integrated, could apply to all broader public and private sector employers. However, there could be exceptions, for example, size. As an alternative to exceptions, the phase-in (discussed below) could recognize considerations relevant to employers of different sizes and sectors.

However, there are no exceptions under the pay equity provisions of the Canadian Human Rights Act and the Quebec Charter of Human Rights and Freedoms, which apply to both the public and private sectors. Manitoba's Pay Equity Act, which covers portions of the public sector, provides for phase-in periods and exceptions.

(b) Interim Stages

The voluntary compliance interim approach could be available to all employers who wished to participate, in both the broader public sector and the private sector. Coverage would, therefore, be determined on the basis of employer self-selection for the initial interim period.

Contract compliance, or use of government funding as a requirement to implement pay equity, could apply to broader public sector employers who receive funding from the government. For example, the Public Sector Prices and Compensation Review Act of 1983 definition could be used to determine which broader public sector employers would be affected by contract compliance. In the private sector, relevant employers might be determined by the number of employees, the cumulative amount of contracts with the government, or a combination of both.

2. Phase-In

Both interim approaches recognize the fact that pay equity imposes a new requirement on employers. Such recognition could also be reflected in phase-in periods which could be provided for in legislation. Costs can be phased in, as well as coverage, by sector or size of establishment. The periods of phase-in should balance the additional requirements placed on employers with the public policy objective of removing sex discrimination in pay as soon as possible. Furthermore, the phase-in could be divided into two parts: a period during which the plan is to be formulated and implementation is to begin; and a second stage during which the implementation is to be accomplished.

(a) Major Models

Under the complaint-based model, complaints could be permitted after a specified period following the enactment of the legislation, in order to allow employers to formulate a plan and to implement it before employees or their bargaining agents could bring complaints against them.

Under the employer-initiated model or integrated approach, the phase-in could be related to the size of the employer, based on the number of employees in the establishment. This differentiation is based on the assumption that smaller or medium-size employers might have fewer resources and be less likely to have job evaluation systems than larger employers. On the other hand, larger employers may have a more complex job structure without formal evaluation systems.

(b) Interim Stages

Because the voluntary measure would be available to all employers in both sectors, it is appropriate to permit a reasonable time to elapse before requiring employers to complete implementation. Full implementation would be required when the major models come into effect, rather than during the interim voluntary period. Phase-in provisions under the contract compliance approach could parallel those outlined for the major models.

3. Back-Pay Awards

The limit for back-pay awards would in every case be no earlier than the date the legislation was passed. Legislation would not be retroactive and, accordingly, employees could not recover back-pay for failure to implement pay equity prior to the date of passage or proclamation of the legislation. Employees would retain their rights under current equal pay legislation.

(a) Major Models

Under the complaint-based model, back-pay could be awarded to the date at which complaints were filed, a specified number of years prior to the filing of a complaint, or the date at which the employer was officially made aware of the discrimination. The Canadian Human Rights Commission uses the earlier date of the latter two options. It might well be considered unreasonable to hold employers liable for back-pay immediately, if it had been decided that it was not reasonable to allow complaints until after a specified period. Nevertheless, employers would be on notice that they were expected to implement equal value.

The back-pay provision under the employer-initiated model should be co-ordinated with the phase-in timetable which was deemed to be appropriate for the various implementation stages.

Back-pay under the integrated model would be flexible and would reflect the particular implementation methods applicable.

In determining back-pay awards, the decision-making agency could use discretion to consider the hardship to the employer of a sizeable award, provided that the employer has made bona fide efforts to implement pay equity.

(b) Interim Stages

The voluntary approach would probably be flexible regarding back-pay, but the contract compliance approach could relate back-pay to contract requirements and implementation provisions for the broader public sector.

4. The Agency

An important question to be resolved in the context of a pay equity policy is the type of agency which would facilitate the transition to pay equity and monitor compliance with pay equity legislation. There are at least three possible agencies which could be given responsibility for overseeing the implementation of pay equity. The responsibility could be given to either the Ontario Human Rights Commission or the Employment Standards Branch of the Ontario Ministry of Labour, or a new organization, such as a Pay Equity Agency established specifically for the implementation of this policy.

Regardless of the agency chosen, it would probably have three main functions:

- to receive and/or investigate complaints under the complaint-based and integrated systems, or to monitor or spot-check employers under the employer-initiated and integrated models;

- to educate the public, employers and employees or their bargaining agents; and

- to facilitate negotiations, and to provide implementation assistance, possibly in the form of guidelines or consultative services.

There are advantages and disadvantages in utilizing one of the two existing agencies as the appropriate vehicle for implementation. The Ontario Human Rights Commission already deals with issues of discrimination, and has an educational component. As currently structured, it would be suitable for the complaint-based model except that the complainant does not have an automatic right to a hearing, there are no class actions, and the complaint process is lengthy. On the other hand, the Employment Standards Branch has expertise in job evaluation, employment standards officers have the power to order wage payment, and the complainant does not have to be identified. As well, the Employment Standards Branch currently has the mandate for equal pay for equal work. However, as in the Human Rights Commission, the complainant does not have an automatic right to a hearing, the process is primarily complaint-based and the Employment Standards Branch has only a limited educational or advisory component.

Adjustments could be made to the mandate and procedures of either of the existing agencies or a new agency could be created specifically to oversee the implementation of pay equity. A new agency could develop the specific technical expertise required to advise employers on the implementation of pay equity, especially necessary if the employer-initiated model or the integrated model is chosen.

5. Administration

Pursuant to the implementation model and phase-in requirements, employers will develop pay equity plans and implement them within their existing workplace structures. In some cases, this may require the assistance of the chosen agency. Implementation could be designed to include the ratification of all pay equity plans by the administrative agency. In order to deal with cases of deliberate non-compliance, the legislation could provide the agency with the means of enforcing the legislation.

A distinction could be made between employers who attempt to implement pay equity in good faith but face difficulties, including expertise or cost, and those who refuse to establish a plan or to comply with the legislation.

In the case of the latter, a number of alternatives are possible. The first requirement would be for a means of detecting the problem. This could be accommodated by an individual or group complaint process, or by the requirement that reports be filed with the agency, or that field audits or inspections be conducted by agency staff. A second requirement could be for a means of resolving implementation problems. This could be done through negotiation or referral to a tribunal for a hearing. A third requirement could be sanctions to be imposed upon the employer. The first such imposition on the employer could be the immediate implementation of pay equity, without phase-in limitations, including such back-pay awards as might be provided for under the legislation. In addition, the employer might be subjected to fines, or required to pay any agency-incurred costs to compare jobs and develop a pay equity plan.

Regardless of the model selected for the implementation of pay equity, an important consideration which must always be taken into account is the collective bargaining process, and the manner and extent to which it applies to the employees of an organization. The next chapter will deal with this aspect of a pay equity policy.

V. COLLECTIVE BARGAINING

In designing the approach to be used to implement pay equity, it is necessary to look at its potential interaction with the collective bargaining process. More than one million Ontario employees — approximately 30% of the employed labour force — are unionized. In the private sector (under provincial labour jurisdiction), approximately 22% of the union membership is female; the figure is about 50 per cent for the broader public sector.[1] Collective bargaining plays a major role in the determination of compensation in Ontario and indeed, appears to have contributed positively to women's earnings.[2]

Irrespective of the implementation model chosen, a pay equity policy places a new requirement on employers and unions to examine wage rates for gender discrimination. Collective bargaining already operates within a legislative framework governing human rights, occupational health and safety, minimum wage and employment standards. These requirements must be satisfied to fulfil the obligation of employers and unions to bargain in good faith, and to ensure that unions meet their duty of fair representation of their members, including the goal of pay equity.

There are three implementation issues related to collective bargaining: the method for comparison; the effects of pay equity on the bargaining process; and the administrative and enforcement processes.

A. METHOD FOR COMPARISON

As stated earlier, an underlying premise is that pay equity comparisons will be restricted to those within an establishment. Many establishments have a number of bargaining units, and employ non-unionized as well as unionized workers.

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1 See Appendix 6 for a profile of collective bargaining in Ontario.

2 See, for example, Julie White, Women and Unions (Ottawa: Supply and Services Canada, 1980), Chapter 4.

Boundaries of bargaining units are based on recognition of the work performed, the skills of the employees and the interdependence of certain jobs, because these factors will bear on the ability to organize, to bargain and to take collective action. For these reasons, office and clerical workers are usually in a separate bargaining unit from production employees, for example. Differences in community of interest can also result in part-time and full-time workers being in different bargaining units.

Unions can bargain only for the bargaining units which they represent. Managerial employees and those employed in a confidential capacity with respect to labour relations are not included in bargaining units. In establishments with more than one bargaining unit, one union may represent all bargaining units or separate unions may be present. While the majority of employees covered by collective agreements work for employers which bargain with more than one union, about three-quarters of employers bargain with only one union.

Boundaries of a bargaining unit are frequently correlated to the gender-predominance of jobs. Moreover, in many industries, non-unionized women perform jobs which might be of equal value to those performed by unionized men. For example, in some manufacturing industries, only the predominantly male production workers are unionized; female office workers are not.

Job comparisons across bargaining units, and non-unionized and unionized workers would ensure that the maximum number of women would benefit from a pay equity policy. However, the implementation of pay equity might be more readily accomplished if a phase-in was permitted: comparisons within each bargaining unit and within groups of non-unionized workers first, followed by comparisons across the establishment. This issue is relevant in the case of the employer-initiated and integrated approaches. If a phase-in of this type is considered appropriate, the timing and the method for the across-establishment comparisons must be determined.

B. EFFECTS OF PAY EQUITY ON THE BARGAINING PROCESS

A basic reason for joining unions is to achieve higher compensation and better working conditions than could be attained individually, by taking advantage of the increased bargaining power of a group.

Differences in bargaining power can occur between bargaining units of the same employer. One bargaining unit may consist of employees performing jobs which are essential to the firm's operation, using skills not readily available in the labour market. Another bargaining unit may not have equivalent bargaining power, either because its activities are not as necessary to maintain day-to-day operation or because its skills are in plentiful supply.

Enhanced bargaining power could explain some of the wage gap between unionized and non-unionized employees, and between employees in different bargaining units, performing work of equal value. A difficulty with making allowances for this factor is the measurement of the wage differential due solely to relative bargaining power.

A fundamental issue which arises is the extent to which pay equity legislation would constrain the outcome of collective bargaining and affect the wage differential between bargaining units. For an establishment with more than one bargaining unit, differences in the general economic increase or in benefit improvements between bargaining units could cause divergences in pay for jobs which had been established as equal in value. The allowable exceptions referred to in Chapter III would be legitimate reasons for such divergences. Whether differences in bargaining power are acceptable reasons becomes an issue. If it is not possible to make allowances for bargaining power, to the extent that the pattern of establishing pay differences and closing them continues, there is a risk of a wage spiral. Alternatively, there might be pressures to amalgamate bargaining units or for joint bargaining.

Similar problems could occur with respect to employees inside a bargaining unit compared to non-unionized employees. If no divergence is permitted for bargaining power, after the initial pay equity adjustments, an employer might have to pay a substantial number of non-unionized employees according to the same scale as unionized employees. The union's negotiations then affect a much wider group of employees than the bargaining unit.

A continuing requirement for pay equity could also alter traditional methods of establishing the appropriate size of the general economic increase. Both parties now take into account the movement of wages in related firms or occupations and these influences are also considered in interest arbitration. Because of the internal pay equity relationships, such comparisons may be viewed as less relevant unless related firms rely on each occupation to the same extent. Pay equity might affect external linkages and existing central

and industry-wide bargaining arrangements could become more complicated because they involve different establishments. For example, in the broader public sector, hospitals and community colleges engage in central bargaining.

C. ADMINISTRATIVE AND ENFORCEMENT PROCESSES

The primary issue regarding administrative and enforcement processes relates to the employer-initiated and integrated models: whether the adjustments should be made in the context of regular collective bargaining or whether there should be some separate pay equity process.

An advantage to using collective bargaining is that the traditional union responsibility for bargaining wage rates for its membership is maintained. Moreover, the employees' understanding of job content and the needs of the organization can be effectively utilized.

Mechanisms would have to be found to reflect the interests of non-unionized employees, to avoid tensions between bargaining units of the same employer if the legislation permits establishments to limit wage adjustments or to phase them in, and to cover situations involving central or joint bargaining.

In view of these concerns, a separate process to establish pay equity might be considered. Without precluding union involvement, one option might be to place the onus for establishing pay equity on the employer. However, this approach could give rise to concerns about fairness. Moreover, an employer cannot unilaterally pay wages different from those specified in a collective agreement.

Concerns about fairness could be addressed by requiring the employer to keep employees or their bargaining agents informed at various stages. Specified periods might be provided during which complaints could be filed with the administrative agency.

The advantage of the separate process is that the administrative agency is in a position to look at establishment-wide implications of the comparison and wage adjustment methodologies and to ensure consistency for all applications. One disadvantage is that the union is not in as strong a position to contribute to the job comparison and to seek fair treatment for its membership.

Whether collective bargaining or a separate process is used, personnel to resolve disputes will be required. In the case of collective bargaining, disputes

over job comparisons could be handled by grievance arbitrators acceptable to both parties if the procedure formed part of the collective agreement. Disputes about the procedure on pay adjustments could be resolved through work stoppages or binding arbitration. For non-unionized employees, or if a separate process were used, it might be the responsibility of the administrative agency to settle the dispute. In the case of a separate process, the agency would require personnel who are knowledgeable about collective bargaining as well as job comparisons.

While it is vitally important to preserve the role of collective bargaining in implementing a pay equity policy, it is equally important to consider the costs, both direct and indirect, of such a policy. These, in turn, must be balanced against the crucial and long overdue benefits for women. Chapter VI looks at the costs and economic impact of pay equity.

VI. COSTS AND ECONOMIC IMPACT

Implementation of a pay equity policy will result in both economic and social costs and benefits. The economic impact upon the labour market and the structure of the Ontario economy must be evaluated to ensure that the chosen implementation plan is sensitive to the particular needs of firms, industries and communities and to concerns about the competitive position of the province's economy. In addition, the implementation design must maximize the positive social and economic benefits of pay equity policies.

Much of the discussion on costs is, of necessity, theoretical: where data are available, analysis is provided.

A. COSTS

Pay equity will impose costs on firms and public sector organizations, unions and governments. For a firm[1] or organization, there are costs of compliance and non-compliance. Compliance costs include administrative expenses and wage adjustments. Employers who do not comply might also face sanctions. These costs must be incurred in order to attack pay disparities affecting women. However, implementation strategies will have a bearing upon when and by whom these costs will be borne.

Administrative costs relate to the work necessary to determine whether the compensation system in place satisfies the requirements of the legislation, the degree to which job evaluation systems need to be revamped or replaced, and eventual costs related to adjustment of payroll systems. Depending on the model and coverage chosen, the administrative costs for small and medium-sized firms could be relatively higher because they generally do not have personnel specialists and may not have formal systems in place.

Direct costs to Ontario firms and organizations of making the wage adjustments can be only partially quantified. It is difficult to provide narrow estimates of the costs to the Ontario economy until a particular model has been

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1 The term "firm" may be interpreted to include broader public sector organizations.

chosen and the application options decided upon. When such decisions have been made further costing can be carried out.

Experience to date in the federal public service has shown that the necessary one time adjustments to the wage for an undervalued job has typically been in the range of $2,000 to $3,000 per person. However, the wage gap in the private sector is larger than that in the public sector (38% for all women in Ontario compared to 23% for women in the Ontario Public Service). Therefore, estimates based on public sector experience may understate the required wage increases for private sector firms.

Firms might not need to bear total costs all at once. An employer-initiated or integrated approach could include limits. In Manitoba, the legislation limits the increase in payroll costs to 1% per year, with a cap of 4% maximum. Also, wage costs are tax deductible for the private sector.

These costs relate to employers taking the initiative to remedy discrimination through a one-time adjustment. No back-pay provision is incorporated. Imposed settlements resulting from a complaint-based approach could have different consequences. As a result of a complaint to the Canadian Human Rights Commission, back-pay adjustments for home economists and physical therapists, covering up to six years, were negotiated and approved by the Commission. For home economists the settlements are expected to average $3,912 per year and for physical therapists, $4,605 per year.

The most comprehensive work to date was done by Morley Gunderson in Costing Equal Value Legislation in Ontario.[2] Criteria were selected from the experience of other jurisdictions. Based on the application of the typical wage adjustment to a reasonable number of the Ontario work force (400,000 to 1,000,000 persons), Gunderson found that had equal value been applied in 1983, total wage costs would most probably have increased by $1 to $3 billion for 1983 (or 0.7 to 2.0% of the gross provincial product). Neither back-pay nor phasing-in were included, and estimates did not include non-wage costs.

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2 Gunderson, Morley, Costing Equal Value Legislation in Ontario (Toronto, Ontario Ministry of Labour, 1984). The possible cost estimates ranged from a low of $15 million to a high of $7.8 billion, depending on the assumptions made, but with the most probable estimates in the $1 to $3 billion range.

These estimates represent initial, not ultimate costs. Gunderson considered that the initial adjustments would remove the undervaluation of the female-predominated jobs by raising the compensation to an intermediate level commensurate with the value of their job as determined by a job evaluation procedure. They were not raised to the maximum male rate. Furthermore, these cost estimates do not incorporate adjustments that would be sought for some mixed-gender and male-predominated jobs. The jobs in question would be of equivalent value to the female-predominated jobs, but paid more poorly after the initial adjustments.

While ultimate costs might be the same, the method of implementation will affect the time period over which costs are borne. Federal and Quebec experience suggests that full implementation, using a complaint-based approach, would take place much more slowly than the employer-initiated approach of Minnesota, recently commenced by Manitoba. It has been argued that the slow impact of a complaint-based model might not be relevant, having been largely due to lack of understanding and inexperience, which will not be the case with Ontario because of knowledge gleaned from other jurisdictions.

For any interim stages, costs are more difficult to predict. Firms would face choices: to bid on government contracts or to comply voluntarily. Choice may well be influenced by the views of management and the number of affected women employees. For contract compliance, the costs of pay equity must be weighed against the size of the government contracts. (Table 1 shows the number of employees by contract size; no information is available by gender.)

NUMBER OF GOVERNMENT OF ONTARIO CONTRACTORS BY NUMBER OF EMPLOYEES AND CONTRACT TOTAL **TABLE 1**

	Cumulative Contract Amount				
Number of Employees	$ 50,000-100,000	$100,000-200,000	$200,000-500,000	$500,000 or more	Total
100 - 200	30	31	18	25	104
200 - 500	17	19	26	24	86
500 or more	19	17	19	45	100
TOTAL	66	67	63	94	290

Source: Calculations based on 1983/84 Ontario Public Accounts.

For a voluntary compliance stage, the choice will be heavily dependent upon how soon a mandatory requirement is anticipated and whether there are obvious advantages to complying beforehand. Employers would have the ability to spread costs over a period of years in a manner which complements economic conditions. In contrast, an employer-initiated approach could put some firms at a competitive disadvantage because the timetable could be poorly synchronized with their business cycle. Without some clear sense of obligation to implement the policy, however, employers may delay any implementation moves until legally required to do so.

The viability of Ontario's economy and international market competition must be borne in mind in designing appropriate implementation models for a pay equity policy.

In some industries, such as retail trade, large and small firms are often in competition with one another. An implementation model which allowed variations on the basis of the number of employees (size) could change the balance of market shares between large and small firms. Phasing-in of implementation, and a model with few or no exceptions, would hold these effects to a minimum.

Our position in international markets is of particular concern, in view of competition from low-wage Third-World producers. Ontario companies which are competing with other countries must make changes to their operations in the next few years: productivity improvements through research and development, technological innovation and training. Moreover, tariff barriers are being reduced which will inevitably have an effect on domestic markets.

It is also crucial to ensure that a pay equity policy does not have adverse effects on women's employment. Studies have shown an increase in unemployment due to higher wages as a result of minimum wage changes[3]. There is some concern that higher unemployment amongst women would result from a pay equity policy — a consequence which would, in itself, be discriminatory. Other jurisdictions have attempted to diminish these effects through phasing-in or limiting pay adjustments.

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3 Joseph Schaafsma and William D. Walsh, "Employment and Labour Supply Effect on Minimum Wage: Some Pooled Time-Series Estimates from Canadian Provincial Data," Canadian Journal of Economics 16 (February 1983).

B. BENEFITS

Pay equity could result in social and economic benefits. For example, the higher wages resulting from a pay equity adjustment could result in increased productivity of the affected workers because they feel more fairly treated. This increased productivity could offset at least some of the cost increase otherwise associated with the higher wages.

Higher wages due to pay equity legislation could also result in lower turnover of female employees and, thus, lower recruitment and training costs. Employers incur a number of quasi-fixed costs with respect to recruiting, hiring, training and the ultimate termination of employment. Lower turnover of employees would serve to spread these costs over a longer period.

Potential changes in occupational distribution, as a result of a pay equity policy, could help to diminish the wage gap. In Minnesota, two years after wages were adjusted by a pay equity policy covering state employees, it was found that the proportion of women in the labour force had increased by 5%. Moreover, the number of women in non-traditional jobs (male-predominated categories) had increased by 19%.[4]

Wage increases for lower income households have a beneficial effect on aggregate demand in the economy. Lower income households spend a larger proportion of their incomes than do higher income families. For many single parent families, headed by women, any additional income may be spent on basic necessities.

Higher incomes for women's work could serve to make quality child care more affordable. Moreover, there is a beneficial long-term effect. Pensions determined on the basis of earnings increased by pay equity compliance will probably enable female senior citizens to be more self-sufficient in the years to come.

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4 Nina Rothchild, Commissioner of Employee Relations, State of Minnesota, interview, 15 July 1985.

C. BALANCING THE EFFECTS

The implementation of pay equity will produce a mix of economic and social costs and benefits. Direct payroll and administrative costs, as well as employment effects, must be weighed against the elimination of discrimination, increases in productivity and purchasing power, and the change in occupational stratification. An upward shift in wage costs, through the elimination of discriminatory practices, could represent an economic problem for firms, and indeed, some would be hit harder than others. The ultimate implementation design for pay equity policy should be flexible enough to allow firms to make the necessary adjustments, while sufficiently compelling to avoid procrastination in the elimination of pay inequities.

VII. CONCLUSION

This Green Paper has examined the implementation of pay equity in Ontario from a number of perspectives. It has outlined six fundamental premises, suggested various models and interim measures as the means of facilitating the policy's implementation, and raised a number of issues which will need to be resolved. The impact of pay equity upon the collective bargaining process, and upon the provincial economy, has also been examined.

This paper will serve to widen public awareness of the concept of pay equity, its intentions and scope. Questions of vital importance will have to be addressed through public consultation and discussion arising from the government's commitment to the implementation of such a policy. The paper raises for discussion many of the implementation issues which must be addressed in order to make the concept a reality, will help to focus debate and discussion on the subject, and will form the basis of provincial legislation.

A Green Paper which discusses an issue as important and complex as that of pay equity will invariably be of considerable interest to many sectors.

By issuing the Green Paper and following its release with an opportunity for public consultation, the Government's intention is to enlist the participation and advice of business, labour, women's groups and all interested sectors in designing appropriate implementation strategies.

Public education on pay equity will help to dispel concerns that it is an untried and untested concept. Other jurisdictions, in Canada and in other countries, have implemented such a policy. Ontario is fortunate to be in a position to learn from the experience of other jurisdictions, and to build upon that experience in a manner which is sensitive to our own unique economic and social justice needs.

The requirement that job comparisons be made within an employer's establishment indicates that industry-wide or province-wide wage-setting is not under consideration, that jobs or groups of jobs would be compared on the basis

of an employer's evaluation of their worth, using in most cases the employer's own method of evaluation.

It is, of course, recognized that differences in wages are justifiable on various grounds. The single stipulation of a pay equity policy is that the level of compensation of a male and female for performing work which is of equal value should not be differentiated on the basis of gender.

Some have argued that the implementation of a pay equity policy would radically alter methods of wage-setting, specifically that the notion of "inherent value" would completely replace current supply and demand forces. This argument would appear to be based upon a misconception of the pay equity concept, and what it is intended to achieve.

A pay equity policy does not require that all jobs within an establishment which are determined to be of equal value should be paid the same. It is aimed at redressing the historical societal undervaluation of "women's work", within the context of current wage-setting practices. In this respect, although implementation of a pay equity policy would involve raising the wages of "women's work" above current market rates, it would not involve a complete disregard for the significance of market forces in the wage-setting process.

There is no doubt that pay equity involves market intervention. However, it should be noted that market forces are at present, and have historically been, affected by objectives of social justice. Examples of such intervention include legislation on minimum wages, labour relations and occupational health and safety, all of which have an impact on wages.

Pay equity will put money into the hands of those who are currently suffering economic inequities. Women who are sole income earners, and those whose wages are crucial to the family's survival, will be better able to support their children, to afford decent housing, and to prepare for retirement.

Through this Green Paper, the Government is offering to the people of Ontario an opportunity to develop a better understanding of the concept and the consequences of pay equity. It also invites them to share in the shaping of the implementation strategies which will build upon the positive consequences, and reduce or eliminate the possible negative consequences, of such a policy.

Crucial questions are raised in this Green Paper, and others will doubtless evolve from the ensuing public discussion and the hearings which will be held in centres throughout the province.

Some of the questions which emerge from this Green Paper are:

Chapter III

1. **What is an appropriate definition of employer establishment? Should this definition be based upon geographic, functional, corporate, or a combination of these and other factors?**

2. **How can flexibility for changing employment patterns be built into a meaningful definition for gender predominance ?**

3. **How can gender-bias be identified and removed from job evaluation and wage setting practices?**

4. **What are the terms "equal pay" and "equal value" to mean in practice?**

5. **Which "allowable exceptions" should be permitted?**

6. **How should pay adjustments be determined and implemented under a pay equity policy?**

Chapter IV

1. **Which of the outlined pay equity implementation models is appropriate? Are there other possibilities?**

2. **Should all employers, without exception, be included in the implementation of pay equity? If so, should large and small employers be treated in exactly the same way?**

3. **Should there be a phase-in period for a pay equity policy?**

4. **Could an existing agency be made responsible for the administration of pay equity, or would a new specifically-designed agency be more appropriate?**

Chapter V

1. What would be the most appropriate role for the collective bargaining process in achieving pay equity?

Undoubtedly many more questions will arise prior to the implementation of pay equity. The Government is committed to a process of public consultation to ensure that all views are aired, that vital questions are answered, and meaningful concerns are addressed.

While public consultation is important, and careful examination of the issues is essential for appropriate and effective implementation, the need to right an historical inequity by means of a pay equity policy is not open to debate.

APPENDICES TO GREEN PAPER

ON

PAY EQUITY

APPENDICES

Page

APPENDICES

1. Broader Public Sector Profile 59

2. Private Sector Profile 63

3. Women in the Labour Force.....71

4. Other Jurisdictions 75

5. Survey of Job Evaluation and Salary Administration Practices.....81

6. Collective Bargaining Profile 107

GLOSSARY 113

BIBLIOGRAPHY 117

APPENDIX 1: BROADER PUBLIC SECTOR PROFILE

APPENDIX 1: BROADER PUBLIC SECTOR PROFILE

Definition of the Broader Public Sector

In this paper, the broader public sector is defined in accordance with the Public Sector Prices and Compensation Review Act of 1983. Included in the Act's description are such groups as every agency of the Crown; every municipality and every local board including every municipal day nursery, home for the aged, transit authority and board of health; every school board, college of applied arts and technology, university or educational institution receiving the majority of its operating funds from the Crown; every hospital, private hospital, community psychiatric hospital and sanitorium; the Art Gallery of Ontario; children's aid societies; and ambulance services.

PROFILE OF SELECTED GROUPS WITHIN THE BROADER PUBLIC SECTOR

Group	Description	Accountability	Provincial Support 1985-86
Colleges of Applied Arts & Technology	22 colleges	o Each college is Crown Corporation o Board of Governors accountable to Minister, must operate within guidelines o Minister accountable to Government	Approximately 60% of total funding comes from province
School Boards	186 school boards	o Education Act o Funding shared by province and local municipality o Budgets submitted to Ministry of Education o Ministry establishes goals, curriculum guidelines, teaching certification requirements, etc.	Approximately 50.5% of total revenue comes from province
Public Hospitals	220 hospitals	o Public Hospitals Act o Budgets and audited statements submitted to government	Approximately 80-85% of total revenue comes from province
Municipalities	838 municipalities	o Province delegates authority to municipalities by statute o Municipal councils accountable to electorate o Ontario Municipal Board approves capital funding	Approximately 33% of total revenue comes from province
Universities	21 universities	o For 8 universities, annual report from Board to Minister of Colleges and Universities who reports to Lieutenant Governor in Council o For 9 universities, annual report to Lieutenant Governor in Council o No provision for reporting for 4 institutions	Approximately 56.5% of total revenue comes from province

PROFILE CONTINUED

Group	Labour Force	Level of Unionization
Colleges of Applied Arts & Technology	o 13,963 full-time employees[1]	o 100% of teaching and support staff unionized; other non-teaching staff are not unionized
School Boards	o 93,217 full-time employees o 10,961 part-time employees	o High degree of unionization for teaching and non-teaching personnel
Public Hospitals	o 99,732 full-time employees o 41,632 part-time employees	o 66% unionized
Municipalities	o In 374 reporting municipalities[2], there were 89,746 full-time employees	o High degree of unionization except in administration and management modules
Univerisities	o 31,017 full-time employees[1]	o Varies by institution[3]

1 No data available on part-time employees.

2 Data on 374 municipalities only since data is contributed voluntarily.

3 Data by institution is available but is not included here for reasons of space.

APPENDIX 2: PRIVATE SECTOR PROFILE

APPENDIX 2: PRIVATE SECTOR PROFILE

Industry data for Ontario usually incorporates the Ontario public service, the broader public and the federally-regulated sectors as well as what is considered the private sector. In this Appendix, the focus is upon the private sector.

The federally-regulated sector consists of federal administration and the government offices, interprovincial transportation industries (such as air transport, pipelines, railways), grain elevator storage, all communications industries and banks. These industries fall under the jurisdiction of federal, not provincial, labour legislation and would therefore not be directly affected by Ontario's initiatives with respect to pay equity.

Chart 1 illustrates the distribution of women over major industry groups where significant numbers of women were employed (over 10,000). These industry groups account for 87% of the total female employment in the Ontario private sector. Close to 40% of this group were employed in the service sector while trade and manufacturing together account for another 45%. Finance, at 10%, is also a significant employer. In contrast, primary industries, construction and transportation have relatively few women employed.

Women's employment by firm or enterprise size is characterized by a bimodal distribution. Although there are variations among industries, in general 30% of women are employed in firms with less than 20 employees, while 35% are employed in firms with 500 or more employees. However, as the following table illustrates, over 50% of female employment is concentrated in the first three categories, in firms with less than 100 employees.

ONTARIO FEMALE EMPLOYMENT BY FIRM SIZE (1982)

Firm Size			% of Female Employment	Cumulative Total
0	-	19	30.3	30.3
20	-	49	11.5	41.8
50	-	99	7.4	49.2
100	-	199	6.9	56.1
200	-	499	8.7	64.8
500	+		35.1	100.0

Source: Ministry of Industry, Trade, and Technology Estimate.

Women's occupations in the private sector are displayed in Chart 2. Clerical work accounts for the largest share, at 36%, with service and sales together amounting to 33%. Managerial and professional work, at 14%, is close to the sales share. Other occupations have a relatively small proportion of female employment.

In contrast, men's employment is much more diversified in terms of industry and occupations. As Chart 3 demonstrates, the largest employer of men is manufacturing (the third-largest for women) and the proportion of men employed in the service sector is only about half as large as the proportion of women. Construction, primary industries and transportation industries have a proportion of male employment close to 20% — approximately three times the female proportion.

The major female occupation, clerical worker, is far less predominant for men as indicated in Chart 4. Male employment is spread relatively evenly over manufacturing, sales and managerial/professional employment; together these occupations account for 56% of men. Primary occupations, transportation operators and construction are much more significant employers of men than women.

In the absence of information on the value of jobs, preliminary analysis indicates the following impact of pay equity for women on an industrial and occupational basis.

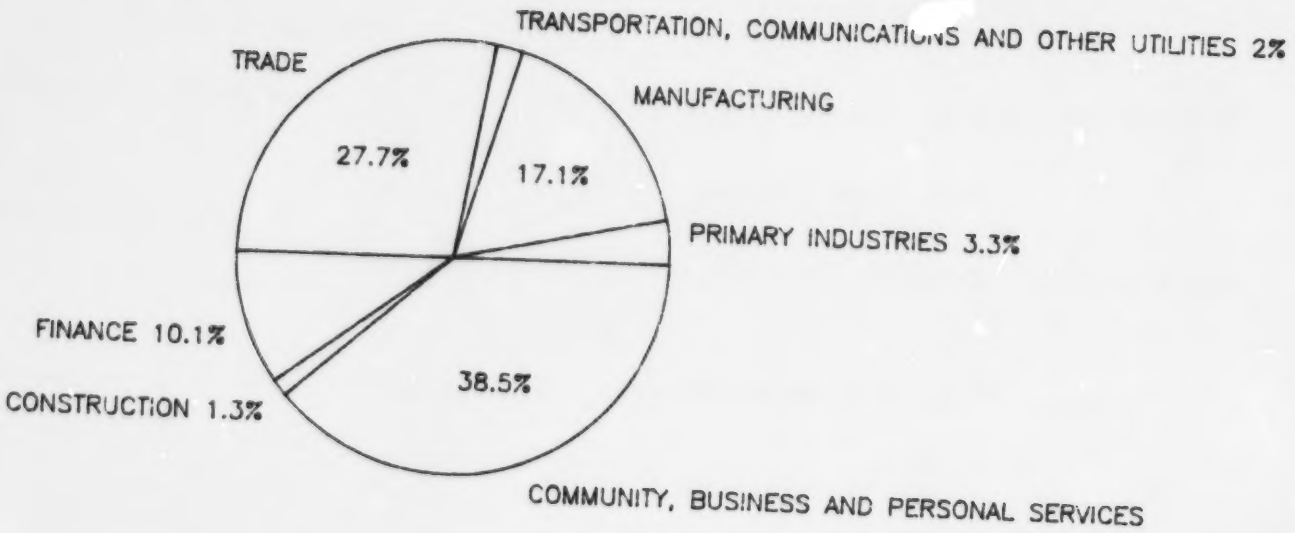
a) Industrial Impact:

The industries where significant numbers of female jobs can be compared to male jobs are expected to include: special trade contractors, transport, wholesale trade, insurance carriers, insurance agencies, amusement, services to business management, personal services, accommodation/food and miscellaneous services.

b) Occupational Impact:

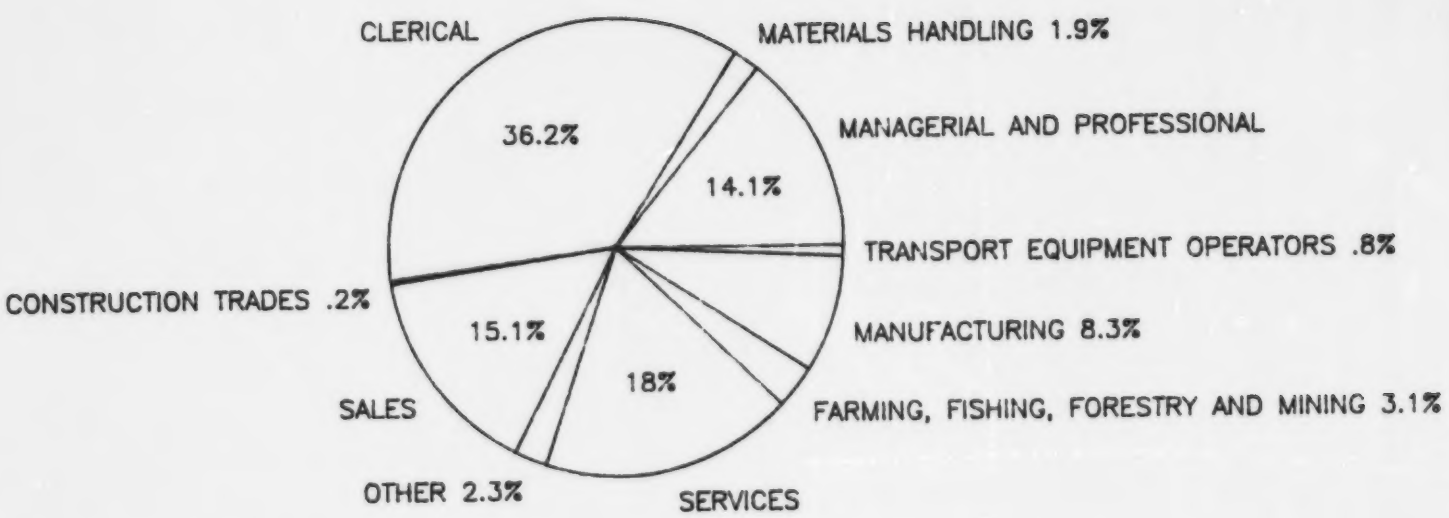
Women stand to benefit in the clerical and personal services occupations. About half of the women in textile fabricating and assembling may potentially benefit from pay equity legislation.

CHART 1
FEMALE EMPLOYMENT BY INDUSTRY
ONTARIO, 1981



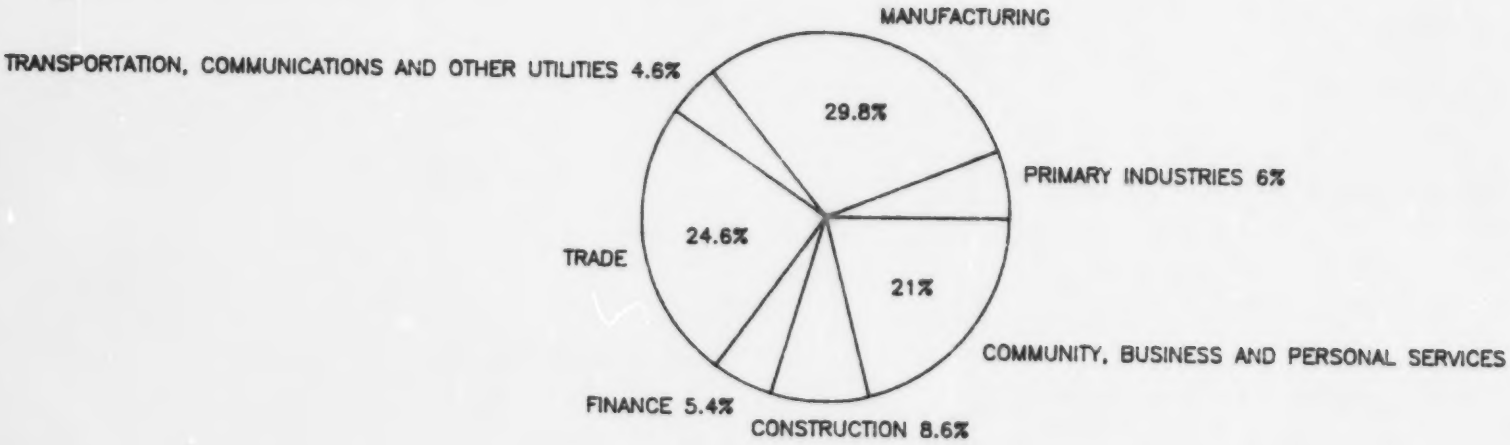
SOURCE: CALCULATIONS FROM STATISTICS CANADA, CENSUS 1981

CHART 2
FEMALE EMPLOYMENT BY OCCUPATION
ONTARIO, 1981



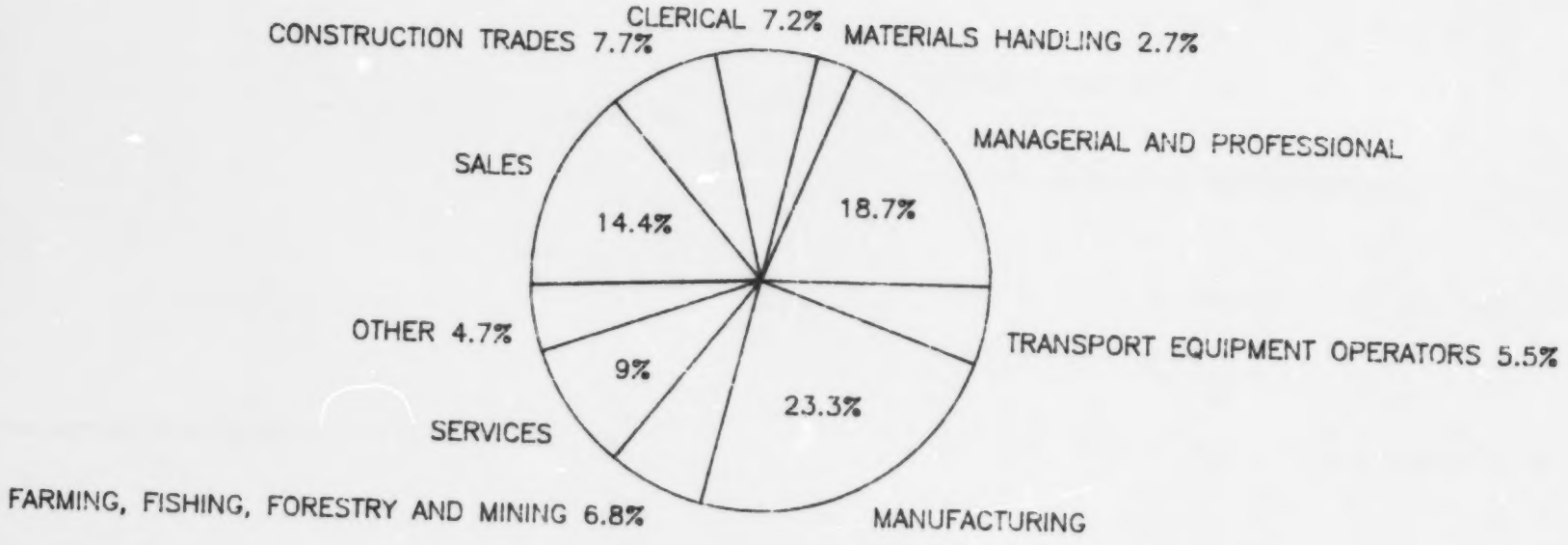
SOURCE: CALCULATIONS FROM STATISTICS CANADA, CENSUS 1981

CHART 3
MALE EMPLOYMENT BY INDUSTRY
ONTARIO, 1981



SOURCE: CALCULATIONS FROM STATISTICS CANADA, CENSUS 1981

CHART 4
MALE EMPLOYMENT BY OCCUPATION
ONTARIO, 1981



SOURCE: CALCULATIONS FROM STATISTICS CANADA, CENSUS 1981

APPENDIX 3: WOMEN IN THE LABOUR FORCE

APPENDIX 3: WOMEN IN THE LABOUR FORCE

BASIC FACTS: ONTARIO, CANADA, 1984

	Ontario	Canada
Number of women in the labour force	2,026,000	5,231,000
Participation rate of women	57.0%	53.5%
% of all workers who are women	43.4%	42.2%
Number of women who work part-time	481,000	1,200,000
Number of women who work full-time	1,351,000	3,433,000
% of all part-time workers who are women	71.4%	71.0%
% of all full-time workers who are women	37.9%	36.9%
% of all unemployed workers who are women	45.9%	42.7%
Female unemployment rate	9.6%	11.4%
Wage gap (1982) (full-time workers)	62.2%	64.0%

DEMOGRAPHICS:

a) Labour Force

- The size of the female labour force increased from 1.6 million in 1977 to over 2 million in 1984 - or from 39.6% to 43.4% of all workers.

- Women constituted 34.1% of total full time employment in 1977 and 37.9% in 1984.

- Women's proportion of part-time employment has remained about the same - they constituted 71.6% and 71.4% of all part-timers in 1977 and 1984 respectively.

- Part-time employment as a percentage of total female employment is increasing - from 23.5% in 1977 to 26.3% in 1984.

- Part-time employment among men has also increased - from 6.0% of total male employment to 8.0%.

b) Participation Rates

- Female labour force participation rates increased from 49.8% in 1977 to 57.0% in 1984.

- In 1977, 60.3% of women aged 25 - 44 were in the labour force; by 1984, their participation rate had increased to 73.7%.

Education:

- Women are increasingly well educated. In fact, recent trends indicate that within the last 15 years the number of women attending university and receiving post-graduate degrees rose at a much faster rate than comparable figures for men. Their proportion of student enrolment in educational programs at all levels has been steadily growing. For example, from 1970 to 1980, female full-time enrolment in master's degree programs, as a percentage of total enrolment, increased from 24% So 41%. See table below:

Full-Time Female Enrolment as a Percentage of Total Full-Time Enrolment in Ontario Universities by Level of Study Selected Years, 1970-1982

Academic Year	Undergraduate	Master's Degree	Doctorate
1970-71	36%	24%	16%
1975-76	43%	30%	25%
1980-81	46%	40%	32%
1982-83	46%	41%	33%

Source: Ontario Ministry of Colleges and Universities
University Student Information System (USIS).

EARNINGS:

- Since 1977, the gap between the average annual earnings of full time male and female workers has decreased.

- Women earned 60.9% of men's earnings in 1977 and 62% in 1982.

- However, the gap was smaller in 1979 when women earned 63.5% of men's earnings.

Average Annual Earnings, Full-Time Workers

	Male	Female	Dollar Difference	F as % of M
1977	16,519	10,064	6,455	60.9%
1979	18,313	11,952	6,861	63.5
1981	23,305	14,682	8,623	63.0
1982	25,562	15,910	9,652	62.2

APPENDIX 4: OTHER JURISDICTIONS

PAY EQUITY - JURISDICTIONAL EXPERIENCE IN CANADA

	LEGISLATION	SCOPE	MODEL AND AGENCY	DEFINITION OF "VALUE" (CRITERIA/FACTORS)	COMPARABILITY	DEFINITION OF GENDER PREDOMINANCE
CANADA (FEDERAL)	Canadian Human Rights Act (1978)	Federal public sector, crown corporations, and private sector federally regulated companies.	Complaint-based model: Human Rights Commission.	Composite of skill, responsibility, effort & working conditions (JE system must be quantitative w/o sex bias and be establishment wide).	Both female to male and male to female comparisons of employees and occupations are permitted.	Proposed Guidelines state: Predominant gender must be 70%+ Groups 100 60%+ Groups 100-500 55%+ Groups 500 (Groups are occupational groupings).
MANITOBA	Pay Equity Act (1984)	Public and Broader Public sector (except municipalities and school boards).	Employer-Initiated Models Pay Equity Bureau (monitors compliance and can refer unresolved disputes to adjudication).	Composite of skill, responsibility, effort & working conditions.	Comparisons restricted for female employees or occupations predominantly female.	Female/male predominated = 70% or more in class in which there are 10 or more incumbents & others as negotiated or to be defined in regulations.
QUEBEC	Charter of Human Rights and Freedoms (1976)	Applies to all public and private employers.	Complaint-based model: Human Rights Commission.	"Equivalent" work includes equal pay for equal work, for substantially similar work, and for work of equal value.	Comparisons are not restricted to gender.	Not defined in regulations or guidelines.

PAY EQUITY - JURISDICTIONAL EXPERIENCE IN CANADA

	DEFINITION OF "ESTABLISHMENT"	REASONABLE FACTORS JUSTIFYING PAY DIFFERENCES	PHASE IN/BACK-PAY	MONETARY LIMIT
CANADA (FEDERAL)	Currently, establishment is geographically defined. Proposed guidelines define it functionally - referring to compensation and personnel practices.	Different Performance ratings: - Seniority - Red Circling - Rehabilitation assignments - Demotion-pay procedure - Phased-in wage reductions - Temporary training - Labour shortage - Change in work performed	Canadian Human Rights Act legislated in July/77; sec. II came into force March 1/78. Limitation period of 1 year prior to complaint.	None.
MANITOBA	Legislation defines civil service, crown entity, and external agency.	Factors justifying pay differences may be negotiated.	Time line established for job evaluation completion, union negotiation (2 years), and implementation (four years), Public sector 1 year prior to broader public sector.	No more than 1% of payroll per year for 4 years.
QUEBEC	Section 19 of the Charter refers to "same place", but this is not restricted to same geographic space.	Difference, based on following criteria, not discriminatory if applicable to all personnel: - Experience - Seniority - Years of Service - Merit - Productivity - Overtime	Became effective to both sectors on proclamation in June/75.	None.

PAY EQUITY - JURISDICTIONAL EXPERIENCE IN THE UNITED STATES AND GREAT BRITAIN

	LEGISLATION	SCOPE	MODEL AND AGENCY	DEFINITION OF "VALUE" (CRITERIA/FACTORS)	COMPARABILITY	DEFINITION OF GENDER PREDOMINANCE
MINNESOTA	State Government Pay Equity Act (1982) Local Government Pay Equity Act (1984)	Public and broader public sector (i.e., state & local governments and school boards).	Employer-Initiated model: State appropriated funds negotiated through collective bargaining process.	Value based on Hay System: know-how problem-solving, accountability, and working conditions.	Both female to male and male to female comparisons of occupations are permitted.	Male predominated groups = 80% male Female predominated groups = 70% female
IOWA	Comparable Worth Appropriation Act (1984)	Public Employees at state level.	Employer-Initiated Model: (Similar to Minnesota) non-union employees receive the same comparable worth adjustments as unionized employees.	Value based on JE study done by Arthur Young - 12 points and 8 levels used.	Both female to male and male to female comparisons of occupations are permitted.	Male or female predominated groups = 70%
GREAT BRITAIN	Equal Pay Act (1979; amended 1983)	Public and Private Sector Employees.	Complaints-based Model: If conciliation fails, complaints brought to an Industrial Tribunal.	Value not defined in legislation, however, it must be based on an analytical job evaluation study.	Both female to male and male to female comparisons are permitted.	Not specified in legislation or guidelines: Gender predominance decided on a case-by-case basis, and historical patterns may be considered.

PAY EQUITY - JURISDICTIONAL EXPERIENCE IN THE UNITED STATES AND GREAT BRITAIN

	DEFINITION OF "ESTABLISHMENT"	REASONABLE FACTORS JUSTIFYING PAY DIFFERENCE	PHASE-IN/BACK-PAY	MONETARY LIMIT
MINNESOTA	Not applicable.	Pay Equity established as "prime" but not only consideration in the determination of wages (thus letting market forces in).	4 year phase-in periods for both state and local governments.	Maximum of 4% of annual state payroll - or 1% per year for a 4 year period.
IOWA	Not applicable.	Not specified in legislation.	3 step phase-in period to be completed by 1987 Merit employees will receive wage adjustments prior to other state employees.	$24 million has been appropriated thus far for wage adjustments.
GREAT BRITAIN	Establishment-defined as organizations owned by same employer (or an associated employer), where the terms and conditions of employment are common to the jobs being compared.	Employer must demonstrate genuine material difference (e.g., difference in location) or material factor (e.g., pay difference based on skill shortages) is responsible for pay inequity.	No phase-in. Back-pay may be awarded for a maximum of 2 years prior to the date on which complaint is filed.	None.

APPENDIX 5: SURVEY OF JOB EVALUATION AND SALARY ADMINISTRATION PRACTICES

APPENDIX 5: SURVEY OF JOB EVALUATION AND SALARY ADMINISTRATION PRACTICES

A survey of job evaluation and salary administration practices of private and broader public sector employers in Ontario was conducted on behalf of the Ontario Women's Directorate. The objective of the survey was to have in-depth discussion with a number of key, highly visible employers and to elicit information and opinions of relevance to the Green Paper project. This data was augmented with information from two larger mail-in type surveys.

The samples included in the survey are not intended to serve as a statistically representative sample and further, there is no intention that the data so derived be generalized to all Ontario employers.

Appendix 5 contains the consultant's report in its entirety.

APPENDIX 5:

A SURVEY OF JOB EVALUATION AND SALARY ADMINISTRATION PRACTICES OF PRIVATE AND EXTENDED PUBLIC SECTOR EMPLOYERS IN ONTARIO

Introduction:

This report documents the findings of an interview-based survey of thirty Ontario employers representing the private and extended public sectors. A cross-section of private industry categories were included along with representative organizations from colleges, utilities, and municipal groups. The participants were randomly selected from amongst the major employment groupings.

The purpose of the survey was to elicit fairly detailed information on the job description, job evaluation and salary administration practices of a small sample of key Ontario employers to serve as background in the consideration of green paper issues. As well, the participants in the survey were asked for input on equal value implementation strategies and concerns.

The employee size of the organizations involved in the survey tended to be large. They ranged from under 1,000 to 50,000 nationally. An earlier job evaluation survey of 164 employers across Canada carried out by the Federal Department of Labour (1984) reported on small and medium size employers as well and this information is considered here in formulating general directions and conclusions. A further information source utilized in this report is the compensation planning survey carried out by Sibson and Company.

The interview guide focussed discussion on the following areas:

- job descriptions: their nature and recency;
- the presence and types of job evaluation plans. (The definition of the type of plan was consistent with that used federally. See Appendix B);
- union involvement in job descriptions and job evaluation;
- monitoring for, and potential areas of sex discrimination in plans;
- salary administration practices;

o equal value implementation and concerns.

(The guide is contained in Appendix A). In addition to the verbal feedback many participants provided samples of job description and job evaluation materials and copies of collective agreements.

Because of the size of the survey sample, results are not broken out by industry category. (See Appendix C for statistics). This would not serve any practical purpose in the larger discussion and would possibly identify individual participants. However, extended public and private sector issues are identified and discussed.

The principal findings of the survey are presented in tabular format with point-form commentary. The central issues which emerged have been identified and are pulled together and highlighted in the text.

Overall the survey documented the following key facts and considerations.

Job Descriptions:

Table 1: The Use of Job Descriptions

Positions Covered:	Most	Many	Limited
No. of organizations N=	20	8	2

Table 2: Satisfaction with existing job description process

No. of Organizations N=	Yes	No
	16	14

Table 3: Change initiatives

	Yes	No
Change in the past 3 years	N= 6	8
Change within next year	N= 12	18

Commentary:

- All the organizations surveyed had job descriptions for at least some of the jobs.

- Two thirds had job descriptions for most jobs.

- There was a high level of dissatisfaction with the job description process. In some cases this was focused on specific occupational groupings. In others it reflected a general concern.

- 40% of organizations are considering changes to the job description process in the next year. 20% had made a change or changes in the previous years.

- Activity re job descriptions appears to be of an on-going nature involving either revision or expansion.

Qualitative Considerations:

The nature of job descriptions varied in terms of content, length and process. Some focused strictly on job outputs while others included references to job requirements and environmental factors. Some were very general on page one overviews, while others were detailed specific activity outlines. Many were intially written by the incumbent, others by the supervisors and still others by a corporate job analyst. Some were contained in legislation. While there were checks and balances in many of the systems there was also in some cases considerable latitude for the incumbent to introduce individual-specific characteristics.

The updating process was subject to considerable variation with much of it based on specific need. With reorganization going on there is an increasing requirement for changes to job descriptions.

Organizational Values and Their Reflection in Job Evaluation Systems:

Table 4: Congruence Between Corporate Values and Job Evaluation

	High	Some	None
No. of organizations reporting	12	3	15

- o A substantial number of organizations (50%) reported no relationship between corporate values and job evaluation.

- o A slightly smaller, but still significant group (40%) specifically align the two.

- o Many of the interviewees had difficulty in identifying corporate values.

- o Those who did identify values saw a stronger relationship between corporate values and performance evaluation.

Types of Job Evaluation:

80% of the organizations in the present survey had in excess of 3,000 employees with most of the private sector firms having operations in at least one other province. While the size of their employee population could be below 3,000 in Ontario, their compensation plans were national. The Department of Labour survey was based on the following representation by size.

Table 5: Department of Labour Survey Representation by Employee Size

No. of Employees	Small (-200)	Medium (-1000)	Large (-5000)	Total
No. of Companies	80	60	24	164

The impact of the size of the employee population is clearly reflected in the types of job evaluation systems with point rating systems being far more common in medium and large organizations. In small organizations the most common evaluation system used is ranking.

Table 6: Types of Job Evaluation Plans in Survey Sample

Point rating	N = 26
Factor comparison	5
Grade	6
Ranking	2
Other	2

Commentary:

- Only one organization had one plan for all jobs and that was divided into two sections.

- Some organizations had only one job evaluation plan which covered a limited number of jobs, e.g., managerial. Other jobs were not subject to a job evaluation system.

- 25% of the organizations surveyed had more than three job evaluation plans.

- Many of the collective bargaining groups were not under job evaluation plans.

Table 7: Department of Labour Job Evaluation Survey - Plans in Operation by Type and Size of Employer

	Size of Employer (No. of Employees)			
	Small 50-199	Medium 200-999	Large 000-4999	Total
Type of Plan				
Ranking	13	15	4	32
Grade Description	7	8	6	20
Factor Comparison	8	8	2	18
Point Rating	6	17	20	43
Total of Above Types	**34**	**48**	**31**	**113**
Other Types of Plans	1	1	0	2
Unidentified Plans	10	14	1	25
Total Plans Reported	**45**	**63**	**32**	**140**
Number of Companies Reporting Plans	40	43	16	99
Number of Companies Not Reporting Plans	40	17	8	65
Total Companies Reporting	80	60	24	164

Remarks:

1. The larger employers tend to use more sophisticated job evaluation plans. Ranking plans (see Appendix B) are generally considered the least sophisticated, followed by grade description types. The most comprehensive plans are factor comparison and point rating and, being quantitative, are likely to be the types required for implementation of equal pay for work of equal value, as long as they meet the criteria for value and are free of sex bias.

2. 88% of ranking plans are spread more or less equally among small and medium-sized companies.

3. Similarly, grade description and factor comparison plans occur more or less equally, often among small and medium-sized employers and are less often used by larger companies.

4. Point rating plans are heavily used by medium-sized and large employers (86%).

5. Of the small employers' plans, 38% are ranking and 18% are point rating. Of the large employers' plans, 13% are ranking and 64% are point rating.

Commentary:

- The findings are consistent with the present survey in that larger employers are more likely to have more sophisticated job evaluation systems.

- The use of ranking systems is more prevalent in smaller organizations.

Note: For discussion of the findings of the Sibson survey, see Appendix D.

Table 8: Type of Plan By Occupational Groupings Covered

	Management	Clerical Admin/Sales	Prof. Scientific	Operational
Point rating	20	14	18	3
Factor comparison	5	5	5	5
Grade	2	3		6
Ranking		1		1
Other	2		3	2

Commentary:

- Managerial groups were most likely to be covered by point rating plans.

- Operational groups were less likely to have job evaluation plans than other groups. In many cases salaries were bargained or approximated to a bargained group.

- Other plans were applied to special groups by determining value individually.

Qualitative Considerations:

Many of these major organizations are using job evaluation systems developed by large consulting houses. They are in many instances relatively sophisticated point rating systems. To the extent that the factors and the administration are bias-free they should be consistent with the implementation of equal value. Having said this there remains a problem with the working conditions factor. There is a significant emphasis on the physical demands of jobs and on working conditions usually ascribed to "male" jobs. The resulting omission of sub-factors normally characteristic of "female" jobs combined with the emphasis on the physical demands of "male" jobs has a limiting effect on ascribing value to female jobs.

Other factors and sub-factors were differentially assigned to "male" and "female" jobs in the materials reviewed here. The more abstract and highly valued factors did not tend to be found with reference to secretarial and clerical jobs.

In some instances, the language used in both job descriptions and, to a lesser extent, job evaluation plans is different for "male" and "female" jobs.

Change Initiatives

Table 9: Change Initiatives re Job Evaluation Plans

	Yes	No
Change in Past 3 years	5	11
Changes in Next Year	9	21

Commentary:

- Just under 30% of the organizations surveyed plan changes or extensions in their job evaluation systems over the next year.
- 18% have introduced changes within the past three years.
- While the activity is not as significant as with job descriptions it is still substantial.

Union Involvement

Table 10: Union Involvement with Job Descriptions and Job Evaluation

	Yes	No	N/A
Job descriptions	7	13	10
Job evaluation	9	11	10

Commentary:

- Union involvement with job evaluation is almost evenly split in participating organizations. However, the extent of this involvement varies from minimal (opportunity to grieve) to fairly full participation.
- Formal involvement with the job description process is slightly less prevalent.

- In some organizations, unions are either not in existence or have at this stage very minimal penetration.

- In the Department of Labour study, 37% of plans were developed cooperatively. This varied with the type of plan, with the highest participation being with Factor Comparison, "other", and ranking plans.

- The Ontario Ministry of Labour found 34% of agreements analyzed had some form of job evaluation and classification provision.

- In some cases "male" and "female" jobs are bargained by different unions, while in others it is the same local of the same union.

Qualitative Considerations:

Union involvement in the job evaluation process has implications for accountability under equal pay legislation. With equal value it further raises the question of the types of plans used across locals and unions within an employer's establishment and the impact on the process between employers.

Salary Administration:

All employers surveyed use a variety of market indicators to establish salaries for all groups of employees. The survey group all set their market position above the average with most falling at or just short of the third quantile.

Other compensation ranged in value from 20 - 40% of cash compensation where paid leave was included. There was a significant difference between the private and public sector organizations with the former including a variety of bonus, stock and discount plans in addition to health, disability and pension provisions.

Most of the private sector and some of the public sector organizations had merit pay systems. The economy has reduced the value of these over the past few years.

A major equal value issue identifies the pay differentials between "male" and "female" jobs arising from collective bargaining. In one organization the same union bargained an entry level salary for cleaners and typists with a differential of $144 weekly. Entry labour in this organization earns just under $13 per hour.

A further issue is the salary treatment of part-time workers who received lower wages and lesser benefits in a number of the organizations.

Finally, in some of the public sector organizations where wages are bargained provincially for some groups, a differential in one organization has a province-wide impact thereby directly impacting all other organizations.

Equal Value Considerations

Climate:

Of the thirty organizations surveyed, only three expressed strong negative responses to the concept of equal value. The others were positive in their approach but some of these had some serious concerns about both implementation and impact. Half of the participants had assessed their equal value position. This was more common in public organizations.

A small group of the participants volunteered the information that they felt the government should move quickly and get the situation resolved. The larger group said they would actively comply if legislation were brought in.

In the recent Sibson Survey, 8.7% of companies indicated they had implemented equal value changes and a further 11.7% were considering changes. 74% of the respondents in this survey felt they could cope with equal value.

Market implications were expressed as a concern by all participants in the survey. This related to both specific financial costs and the ability to attract and retain employees. With respect to the former, competitive position as it applied to the organization, and on a larger scale national and international liability was raised in addition to economic survival of the individual organization.

Regional pay differentials were also viewed as a fairly common problem and concern was expressed around the effect of artificial adjustments on one geographic area and relativity across occupational groupings.

The establishment of a burdensome government bureaucracy with the accompanying paper work and interference was seen by some as a possible negative outgrowth of equal value legislation. A more flexible, participative approach was viewed as preferable.

The impact on the collective bargaining process was raised by all employers affected.

Resources and time were the other factors identified as being critical to effective implementation.

Implementation:

Approximately half of the organizations surveyed indicated that they would initiate a review of existing systems when legislation was introduced. The remaining group did not really know how to begin the process and expressed the view that government should provide assistance. Three-quarters of those interviewed felt that staging the introduction of the legislation was critical and the most common timeframe cited was 2-3 years. All but two felt there should be no exceptions although the others expressed concern for small organizations and those in financial difficulty. It was felt that staging could accommodate these problems.

Summary

- Most of the organizations responding to this survey, the Department of Labour survey and the Sibson survey had some form of job evaluation for some groups of employees.

- Point factor systems which are quite amenable to equal value application are frequently used for managerial and administrative groups.

- Large organizations were more likely to have more sophisticated systems.

- Job descriptions were in use in most organizations but were the subject of considerable dissatisfaction.

- Organizations indicated that review and revision of job descriptions and job evaluation plans was a focus of a fair amount of activity.

- Many of the organizations surveyed were looking at equal value concerns and a number have acted or intend to act in the next year.

- Organizations with unions have concerns about the impact of equal value on the collective bargaining process and on the development and implementation of job evaluation plans.

- Salary administration is market drive and major employers are targeting to the high side of the market.

- "Other" compensation accounts for 20% - 43% of total compensation.

- On the subject of implementing equal value, employers were split between having a clear idea of how to proceed and no idea.

- Most employers felt that government assistance was critical to developing an effective equal value approach.

- The major concerns expressed about equal value were:

  - market implications
  - cost
  - collective bargaining impact.

- The vast majority of employers expressed the position that no one should be exempted from legislation. However, they felt that staging was necessary along with a realistic assessment of what was possible.

- A two to three year period was the most commonly cited time frame to get an equal value program underway.

Special Concerns:

Franchises

A number of the organizations in the present survey were franchise operations. The individual operations vary in their personnel practices and are not subject to central control. The definition of establishment poses special problems in this context.

Provincial Bargaining

For public sector organizations who have provincial bargaining, the presence of a discriminatory situation in one establishment would have an impact across the province. This has cost implications as well as potential effects on local market and internal relativity.

Regional Rates of Pay

Organizations who use regional rates of pay have concerns about effects of discrepancies in one area moving across the system.

Conclusions

The employers in the present survey were, for the most part, knowledgeable about the intent of equal value and its implications. In the few instances, where there were strong negative feelings, there was a lack of information about what equal value was intended to achieve and how it would be implemented.

A definite need was expressed for government assistance in helping organizations move effectively towards equal value, if there is to be legislation. A participative approach with employers who have already acted in this area could be fairly productive for government and other employers. Also, a cooperative review of major systems with the respective consulting houses could yield significant results.

Market concerns need to be addressed realistically and that information should be communicated widely.

The amount of activity with respect to both job descriptions and job evaluation suggests that equal value changes could be accommodated within a reasonable time frame. The review of existing systems uncovered a number of problem areas which a self-diagnostic instrument could assist organizations in pinpointing.

There was a general feeling that a flexible, realistic approach to equal pay would promote the achievement of the government's goal. There is however, based on both the interviews and the documentation provided, a significant need on the part of many employers to develop a better understanding of how discrimination enters into job evaluation and salary administration programs and how it can be corrected.

APPENDIX A:

INTERVIEW GUIDE: COMPENSATION POLICIES AND PRACTICES

PRIVATE SECTOR/EXTENDED PUBLIC SECTOR

COMPENSATION
POLICIES AND PRACTICES

INTERVIEW GUIDE

Organization Name:
Interviewee:
Position:
Phone:

I. BACKGROUND INFORMATION

Industry classification:
Union Status: number and type

Number of employees	male	female
Officer/executive		
Management-exempt		
Hourly non-exempt		

Number of job titles

II. JOB DESCRIPTIONS

1. Do you have job descriptions?
2. If yes, are they up-to-date?
3. How often are they up-dated?
4. For which groups of employees do you have descriptions?
5. Please describe the process in drawing-up descriptions?
6. Are your job descriptions detailed or brief?
7. Do you record information on:

time pressures	equipment usage
emotional pressures	job activities
contact	managing
physical working conditions	responsibility/accountability
travel	supervision
skills/education	

For which groups?
Probe inclusion in "female" jobs

If you use a standard form would it be possible to obtain a copy?

Would it be possible to obtain a sample job description of a female job and a comparable male job?

Do you feel generally satisfied with your job description process?

How would you alter it?

Do you feel the duties of female jobs are adequately described?

III. JOB EVALUATION

1. What are the things that your organization values?

2. Do you have a formal job evaluation system?
   If yes, what type? For which groups?

3. Is there a good fit between your job evaluation system and the things your organization values? Please elaborate.

4. If you do not have a formal system, how do you compare jobs and assign salaries?

5. If you do have a system - please describe it.
   How was it established?
   How is it administered?
   If you have a point factor system, what factors and sub-factors do you use? How were these identified?
   Do you use weights? How are these determined?
   Are your unions involved? How?

IV SALARY ADMINISTRATION

1. How are salaries established for various groups?

2. If market data is used how is this obtained?

3. Where do you sit relative to the market?

4. How do you handle internal relativity?

5. In the case of bargained settlements, how do you determine your position?

V. OTHER COMPENSATION

1. Please describe any bonus plans, stock plans, or other perquisites your organization has.

2. Do you have merit pay? If yes, please describe your program.

VI. EQUAL VALUE CONSIDERATIONS

1. How would you go about implementing equal value?

2. What issues would cause problems for you?

3. Do you think organizations should be exempted on size or any other factor? Which?

4. What would be a reasonable time frame for you to implement equal value?

5. Have you examined your current job evaluation system and salary administration practices for any possible discriminatory impact?

APPENDIX B: DEFINITION OF TYPES OF JOB EVALUATION PLANS

APPENDIX B: DEFINITION OF TYPES OF JOB EVALUATION PLANS

Job evaluation plans are procedures to analyze and assess jobs in order to determine their relative worth, using the assessments as a basis for a grading and pay structure. Examples of job evaluation plans are ranking, grade description, factor comparison, and point rating schemes. These types are described below:

Ranking

The jobs in the organization are placed in order (ranked) on the basis of the importance to the organization or general difficulty. This sytem ranks each whole job against another whole job.

Grade Description

The jobs in the organization or occupational group are compared as whole jobs against a set of definitions of varying degrees of difficulty. The jobs are in effect ranked in terms of these levels.

Factor Comparison

Jobs are broken down into their component factors e.g., skill, initiative and judgement, working conditions—and these factors are weighted by percentages or dollar amounts. Key jobs, or benchmarks, are selected and similarly broken down into factors. The other jobs are compared to these on a factor-by-factor basis and ranked accordingly.

Point Rating

The compensable factors are determined and defined and then divided into a number of degrees, and each degree is defined. Jobs are compared factor by factor against the degree definitions, and the closest degree is determined. Each degree of each factor has a point score attached to it, and the total point score for the job determines its "point band" or level.

APPENDIX C: INDUSTRY CATEGORIES

APPENDIX C: INDUSTRY CATEGORIES
DISTRIBUTION OF PARTICIPANTS

Oil and Gas	4
Retail - General Merchandise	5
High Tech	4
Pharmaceuticals	1
Publishing	1
Manufacturing	2
Transportation	1
Power	2
Boards of Education	2
Universities/Community Colleges	3
Municipalities	2
Hospitals	3

FEMALE REPRESENTATION

Oil and Gas	20 - 25%
Retail	60%
High Tech	Insufficient Information
Publishing	Insufficient Information
Manufacturing	Insufficient Information
Transportation	Insufficient Information
Power	15%
Boards of Education	55%
Universities (Admin.)	60%
Municipalities	20 - 45%
Hospitals	80% other managerial 95%+ nursing 49% operational, non-professional

APPENDIX D: SIBSON COMPENSATION SURVEY

SIBSON COMPENSATION SURVEY

- 135 Ontario companies
- 300,000 employees

Table 1: Industry Categories

Industry Category	# Part	%
Manufacturing - durable goods	37	19
Manufacturing - non durable goods	34	17
High Technology	24	12
Wholesale Trade	9	5
Construction	3	2
Retail Trade	12	6
Finance, Insurance, Real Estate	37	19
Services	22	11
Transport/Communications/Utilities	18	0

Table 2: Job Evaluation Methods

Job Evaluation Method Used	Hourly Non-Exempt	Exempt	Salaried Non-Exempt	Officer Executive
Point Factor	19.4%	38.8%	41.3%	29.1%
Factor Comparison	4.6	10.2	7.1	6.6
Market Pricing	16.8	23.5	27.6	27.0
Internal Ranking	17.9	28.1	33.2	24.5
Other	11.7	7.1	8.7	12.8
No Formal Method	11.2	8.2	7.7	13.3

- 11% of participants indicated that they had implemented a change in their job evaluation method in 1985, while 18% are considering changing methods in 1986.
- 15% of participants indicated that they had a variable/flexible benefits plan in place, with 6% considering such a plan in 1986.

Note: - The above analysis is based on all participant responses

- Percentages will equal over 100, as many companies use a combination of two or more job evaluation methods for any particular employee category.

APPENDIX 6: COLLECTIVE BARGAINING PROFILE

APPENDIX 6: - COLLECTIVE BARGAINING PROFILE

- There are some 8,176 collective agreements covering 1,140,000 employees working under provincial labour law jurisdiction in Ontario. In addition, there are 440 agreements under federal jurisdiction[1] covering 230,000 employees in this province. (Ontario legislation implementing pay equity applies only to those employers and collective agreements under provincial jurisdiction.)

- Collective agreements cover 30% of Ontario's total employed labour force[2] and 22% of Ontario's total employed female labour force.

- **Legislation Governing Collective Bargaining:**

  i) Ontario Labour Relations Act, R.S.O. 1980, c. 228
  ii) Colleges Collective Bargaining Act, R.S.O. 1980, c. 74
  iii) Crown Employees Collective Bargaining Act, R.S.O. 1980, c. 108
  iv) Fire Departments Act, R.S.O. 1980, c. 164
  v) Hospital Labour Disputes Arbitration Act, R.S.O. 1980, c. 205
  vi) Police Act, R.S.O. 1980, c. 381
  vii) Public Service Act, R.S.O. 1980, c. 418
  viii) School Boards and Teachers Collective Negotiations Act, R.S.O. 1980, c. 464

- **Level of Unionisation by Size of Unit**

O.P.S. AND BROADER PUBLIC SECTOR AGREEMENTS

BY SEX[3] OF EMPLOYEE

Number of Employees Covered	% of Agreements	% of Employees	% of Men	% of Women
Under 25	39	3	3	3
25 - 49	18	4	3	5
50 - 99	17	8	5	10
100 - 249	14	15	11	18
250 - 499	7	14	14	17
500 - 999	3	13	14	13
1000 & Over	2	43	51	33
TOTAL %	100	100	101[4]	99[4]

PRIVATE SECTOR AGREEMENTS BY SEX[3] OF EMPLOYEE

Number of Employees Covered	% of Agreements	% of Employees	% of Men	% of Women
Under 25	43	3	3	3
25 - 49	17	5	5	5
50 - 99	16	8	8	10
100 - 249	15	17	15	20
250 - 499	6	13	12	15
500 - 999	3	13	12	16
1000 & Over	1	41	45	31
TOTAL %	101[4]	100	100	100

o **Multi-Union Establishments and Multi-Employer Agreements**

The number of establishments or companies with more than one union depends on how the terms are defined and recognized (e.g., variants of company names, multiple locations). Collective bargaining agreements may be signed with either single employers or multiple employers and may apply to single plant or multiple plants. Best estimates are:

- o 22% of firms have agreements with more than one union, involving 59% of all employees covered by collective agreements.
- o 31% of firms have more than one collective bargaining agreement, whether with the same or different unions, involving 73% of all employees covered by collective agreements.
- o 99% of Ontario's public sector collective agreements, and 96% of private sector collective agreements are single employer agreements.

SINGLE AND MULTIPLE PLANT/EMPLOYER AGREEMENTS

	Single Employer Single Plant		Single Employer Multiple Plant		Multiple Employer		Totals	
	% of Agmts.	% of Empls.	% of Agmts.	% of Empls.	% of Agmts.	% of Empls.	Agmts. % (No.)	Employees % (No.)
Public Sector (broadly defined)	45.3	23.9	54.2	75.8	0.5	0.3	100 (3,020)	100 (454,008)
Private Sector	86.2	53.7	9.9	23.0	3.9	23.3	100 (5,164)	100 (685,862)

o **Job Evaluation and Classification Provisions**

The latest available data show that 34% of agreements analyzed covering 53% of unionized employees had some form of job evaluation and classification provision; in this analysis, private sector agreements covering fewer than 200 employees are excluded.

JOB EVALUATION AND CLASSIFICATION PROVISIONS

	Formal Job Evaluation Plan		Union Consulted or Notified		Joint Union/ Management Committee		No Provision		Totals	
	% of Agmts.	% of Empls.	% of Agmts.	% of Empls.	% of Agmts.	% of Empls.	% of Agmts.	% of Empls.	Agmts. % of (No.)	Empls. % of (No.)
Public Sector (broadly defined)	3.1	11.6	27.0	38.8	0.9	1.0	69.0	48.6	100 (1,506)	100 (196,329)
Private Sector (agmts. with 200 or more employees)	17.3	22.4	28.0	28.5	1.5	5.8	53.1	43.3	100 (589)	100 (458,472)

FOOTNOTES

1. Federal jurisdiction includes not only federal public administration but also agencies, boards, and commissions, particularly in transportation and communications, including provincially or municipally owned employers, such as local airports, TV Ontario and Ontario Northland Railroad but excludes federally owned employers under provincial jurisdiction, such as Polysar and de Havilland.

2. Labour force figures are from June 1985.

3. Where male and female coverage have not been specified, it is assumed the distribution is similar to where it has been specified; percentage breakdowns for size categories should therefore be treated with caution.

4. Totals may vary from 100% due to rounding.

GLOSSARY

Affirmative Action:

special program established in order to redress past discrimination experienced by members of a particular class or group; under the Charter of Rights and Freedoms, "any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups."

Arbitration, Grievance:

settlement of disputes by an independent third party, an arbitrator, involving interpretation and application of an existing collective agreement. Violations of the agreement or differences in the interpretation of the rights and responsibilities of the parties under the agreement may be grieved. Also referred to as rights arbitration.

Arbitration, Interest:

a dispute resolution mechanism normally imposed by statute where strikes and lock-outs are prohibited due to the essentiality of services provided. Disputes concerning the establishment or revision of the terms and conditions of a collective agreement are referred to an independent board of arbitration or sole arbitrator for a decision which is binding on the parties. For police, fire, health care and civil service personnel, this process is mandatory where negotiations are unsuccessful. For all other groups in the public and private sectors, interest arbitration is available only upon the mutual consent of the employer and the bargaining unit.

Bargaining Unit:

a group of employees in a firm, plant, or industry with sufficient commonality of interest to be recognized as appropriate for representation by a union for purposes of collective bargaining. Main determining factors are the desire of the employees, functional coherence of jobs, mutuality of interest based on occupation or skill, and the history of collective bargaining.

Collective Agreement:

a written contract between an employer and a union which sets forth the terms and conditions of employment.

Collective Bargaining:

a procedure for determining the terms and conditions of employment by negotiation between the representatives of the employer and union representative of the employees.

Contract Compliance:

system whereby an employer entering into a contract with the government must comply with specified requirements as a condition of entering into the contract; in case of equal value, employer might be required to agree to implement equal value as a condition of entering into a contract with the government.

Earnings Ratio:

female earnings expressed as a percentage of male earnings.

Employment Equity:

concept developed by Judge Rosalie Abella which refers to employment practices designed to eliminate discriminatory barriers and to provide equitable opportunities in employment. This includes equal pay for work of equal value, or pay equity.

Equal Pay for Equal Work:

According to the Employment Standards Act (R.S.O. 1980, c.137), the legal requirement that female employees be paid at a rate not less than male employees, or vice versa, for substantially the same work performed in the same establishment, providing that substantially the same skill, effort, and responsiblity is required, and similar working conditions apply.

Factor Comparison:

type of job evaluation where jobs are broken down into their component factors e.g., skill, initiative and judgement, working conditions, and these factors are weighted by percentages or dollar amounts. Key jobs, or benchmarks, are selected and similary broken down into factors. The other jobs are compared to these on a factor-by-factor basis and ranked accordingly.

Grade Description:

type of job evaluation where the jobs in the organization or occupational group are compared as whole jobs against a set of definitions of varying degrees of difficulty. The jobs are in effect ranked in terms of these levels.

Job Evaluation:

procedures used to analyze and assess jobs in order to determine their relative worth. Job evaluation assessments serve as a basis for grading and pay structures.

Point Rating:

type of job evaluation where the compensable factors are determined and defined and then divided into a number of degrees, and each degree is defined. Jobs are compared factor by factor against the degree definitions, and the closest degree is determined. Each degree of each factor has a point score attached to it, and the total point score for the job determines its "point band" or level.

Ranking:

type of job evaluation where the jobs in the organization are placed in order (ranked) on the basis of the importance to the organization or general difficulty. This system ranks each whole job against another whole job.

Sex Discrimination:

a term referring to all actions which result in the denial of opportunities, privileges, or basic human rights on the basis of sex.

Systemic Discrimination:

policies, laws, or practices which have a discriminatory or adverse effect on a particular group, even where discrimination was not intended.

Wage Gap:

the difference in average earnings between men and women.

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